

EXHIBIT 9

Jared Louzon

From: Rafiq Zabrani <Rafiq.Zabrani@qvc.com>
Sent: Thursday, June 1, 2017 11:03 AM
To: Paulette Brown; Gabrielle Ceritano; Jill Pierson; Dennis Dangelo; Meghan Kane; Chris Mitchell
Cc: Cheryl Baiocchi; Chris Mitchell; Alex Bird; John R. Teter; Mark Shaeffer
Subject: RE: Hoverboard QA
Attachments: FW: Hoverboard QA

Chris,

Appreciate you sending us the documents in attached emails. We are doing our best to transfer this item without requesting a new sample but it information is not matching. Only way we could do a transfer if the information provided for T34604 original sample matched the documents sent to us now. Below is the Lithium form which was approved for T34604, Manufacturer's name and battery part numbers do not match. If the battery has changed, we cannot do a transfer. That is why we have been trying to avoid delay and ask for a physical sample.

Battery mfg / supplier name: Shenzhen JETECH Energy Technology Co., Ltd

QVC Item number: **T34604** Battery part #: **JT-BC200-01**
(i.e. E123456) (i.e.: CR2032)

Battery mfg / supplier name: Shenzhen Elite Electronic Co. Ltd

Thanks
Rafiq



*Rafiq Zabrnai
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QA Engineering Home Goods
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Lithium Battery Information Form

Vendor Name:

Digital Gadgets

Battery mfg / supplier name:

Shenzhen Elite Electronic Co. Ltd.

QVC Item number:
(i.e. E123456)

T35011

Battery part #:
(i.e.: CR2032)

HY-BSE-1002US

Vendor sku:

T35011

UL File #:

MH61527

Battery / Cell type

Ion / Polymer (Secondary / Rechargeable):

Y

Metal / Alloy (Primary / Non-rechargeable):

N

Is it a Button cell battery?:

N

Cell Information

Total quantity of cells in this product:

20

Equivalent lithium content per cell (Metal ONLY):

N/A grams

Watt Hour rating per cell (Ion ONLY):

7.70

WH

Capacity: 215 mAh

Volts:

1.80

Battery Information (batteries composed of more than one cell)

Total quantity of batteries in this product:

1

Equivalent lithium content per battery (Metal ONLY):

N/A

grams

Watt Hour rating per battery (Ion ONLY):

154.00

WH

Capacity: 4300 mAh

Volts:

36.00

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EXHIBIT 10

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

INTERWORKS UNLIMITED, INC., a)
California Corporation,)
)
Plaintiff,)
)
vs.) Case No. 2:17-cv-4983 AB KSx
)
)
DIGITAL GADGETS, LLC; a New)
Jersey limited liability company,)
)
Defendants.)
)
AND ALL RELATED ACTIONS.)
)

DEPOSITION OF
CHARLES TEBELE

DATE: August 21, 2018

REPORTER: Cindy Afanador

LOCATION: 488 Madison Avenue
Suite 1120
New York, New York 10022



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INTERNATIONAL TOWER

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1 UNITED STATES DISTRICT COURT
2 CENTRAL DISTRICT OF CALIFORNIA
3 -----x
4 INTERWORKS UNLIMITED, INC., a
5 California Corporation,
6 Plaintiff,
7 -against-
8 DIGITAL GADGETS, LLC; a New Jersey
9 limited liability company,
10 Defendant.

11 Case No: 2:17-cv-4983 AB KSx
12 -----x
13 488 Madison Avenue
14 New York, New York
15
16 August 21, 2018
17 10:01 a.m.
18
19 Examination Before Trial of the
20 Defendant by CHARLES TEBELE, pursuant to
21 Notice, before CINDY A. AFANADOR, a Notary
22 Public of the State of New York.
23
24
25

<p>1 A P P E A R A N C E S: 2 LAW OFFICES OF ROGER C. HSU 3 Attorneys for Plaintiff 4 175 South Lake Avenue, Suite 210 5 Pasadena, California 91101 6 BY: ROGER C. HSU, ESQ.</p> <p>8 LAZARUS & LAZARUS, P.C. 9 Attorneys for Defendant 10 240 Madison Avenue, 8th Floor 11 New York, New York 10016 12 BY: HARLAN LAZARUS, ESQ.</p> <p>14 BRUTZKUS GUBNER 15 Attorneys for Defendant 16 21650 Oxnard Street, Suite 500 17 Woodland Hills, California 91367 18 NOT PRESENT</p>	<p>1 conducted in this conference room, although 2 relatively informal, but the oath you just 3 took carries the same legal effect and force 4 as if you were testifying in a court of law; 5 do you understand that?</p> <p>6 A. Yes. 7 Q. Okay.</p> <p>8 At any time during your 9 deposition, if you don't understand my 10 question, please stop me and ask me to 11 rephrase it or repeat it until you fully 12 understand my question.</p> <p>13 During your deposition today, 14 please ask me for breaks, or if your counsel 15 wants to have a break, I will do everything to 16 accommodate you, but there is only one thing 17 that I would ask you to accommodate me. When 18 there is a question pending, I would ask you 19 to provide answer to me before you take your 20 break; would that be acceptable to you?</p> <p>21 A. Yes. 22 Q. Okay.</p> <p>23 From time to time today, your 24 lawyer may object to my question, but if your 25 lawyer does not instruct you not to answer my</p>
<p style="text-align: center;">Page 2</p> <p>1 THE COURT REPORTER: Please state 2 your full name for the record. 3 4 THE WITNESS: Charles Tebele. 5 THE COURT REPORTER: What is your 6 address? 7 THE WITNESS: 570 Lexington 8 Avenue, New York, New York 10022. 9 C H A R L E S T E B E L E, called as a 10 witness, having been duly sworn by a 11 Notary Public, was examined and 12 testified as follows: 13 EXAMINATION BY 14 MR. HSU: 15 Q. Good morning. 16 A. Morning. 17 Q. Mr. Tebele, have you ever been 18 deposed before? 19 A. Yes. 20 Q. Okay. 21 While you were sitting here 22 yesterday, you might have heard some basic 23 ground rules of deposition. I'm just gonna 24 quickly go over them so you understand. 25 Today's deposition is being</p>	<p>1 question, in other words, if you don't hear 2 that instruction from your lawyer, you will 3 still have to answer my question. 4 Of course, if your lawyer does 5 instruct you not to answer, that would be a 6 different story, and then I would ask you at 7 the time whether you will comply with that 8 instruction, and then we'll move on from 9 there. 10 The court reporter can only take 11 down one person's statement at a time, so 12 please do not talk over each other, one 13 another, until I finish my question, or when 14 applicable, your lawyer finishes his objection 15 before you start answering my question. 16 Do you understand the difference 17 between a guess versus an estimate? 18 A. Yes. 19 Q. Okay. 20 After this deposition, you will 21 have an opportunity to review your deposition 22 transcript and make changes, if necessary. 23 Nonetheless, I have to caution 24 you now, if you do make any substantive change 25 such as changing from no to yes or yes to no,</p>

1 myself or my associate could make comments on
 2 your changes at trial and it would affect your
 3 credibility as a witness.

4 MR. LAZARUS: I think you are
 5 going over the line in instructing the
 6 witness, and now you are counseling the
 7 witness on matters that I should be
 8 counseling him on, not you.

9 If a change needs to be made, the
 10 change is going to be made, and the
 11 effect is for the judge to instruct the
 12 jury, not for you to instruct
 13 Mr. Tebele.

14 Thank you.

15 MR. HSU: I would take it that's
 16 your objection, Mr. Lazarus?

17 MR. LAZARUS: Lazarus.

18 MR. HSU: Lazarus.

19 THE WITNESS: He did that
 20 yesterday too, to the other two.

21 Q. Well, any objection from your
 22 attorney, Mr. Lazarus, he's doing this to
 23 preserve the record, so when there is a need
 24 in the future, then he and I will get into
 25 some kind of dispute in front of the judge,

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1 A. Yes.

2 Q. What is that?

3 A. **What is the form?**

4 Q. Correct.

5 A. **The form is the nature of the**
 6 **articles of how an organization is formed.**

7 Q. Was it a corporation?

8 A. No.

9 Q. Was it an LLC?

10 A. Yes.

11 Q. What is your current position at
 12 Digital Gadgets?

13 A. **President and CEO.**

14 Q. Do you own this company?

15 A. Yes.

16 Q. How long have you worked for your
 17 company, Digital Gadgets?

18 A. **About ten years.**

19 Q. Is it accurate to say that
 20 Digital Gadgets was established or formed
 21 about ten years ago?

22 A. **I'm not sure exactly when it was**
 23 **formed, but it might be a little bit more than**
 24 **ten years ago.**

25 Q. And you don't recall what year?

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1 that's why he's doing this.

2 Did you take any medication in
 3 the last 24 hours that would prevent you from
 4 giving your testimony today?

5 A. No.

6 Q. Okay.

7 Other than Charlie Tebele, have
 8 you ever used any other name in the past?

9 A. Charles.

10 Q. Any other names?

11 A. No.

12 Q. What's your current occupation?

13 A. Entrepreneur.

14 Q. Excuse me, I didn't catch that.

15 A. Entrepreneur.

16 Q. Entrepreneur.

17 Do you have an employer?

18 A. Yes.

19 Q. Who is that person?

20 A. It's not a person.

21 Q. When you say "it's not a person,"
 22 what is the employer? Who's the employer?

23 A. Digital Gadgets; it's an entity.

24 Q. Do you know the form of this
 25 business entity?

1 A. I don't recall what year.

2 Q. Okay.

3 Other than officer and owner of
 4 Digital Gadgets, are you a director?

5 Strike that.

6 Are you the sole managing member
 7 of Digital Gadgets?

8 A. I am the managing member.

9 Q. Are you familiar with a company
 10 called Techpoint, LLC, one word,
 11 T-E-C-H-P-O-I-N-T?

12 A. Yes.

13 Q. And do you know any business
 14 affiliation between Techpoint, LLC and Digital
 15 Gadgets?

16 A. Yes.

17 Q. And what is that business
 18 affiliation?

19 A. Techpoint, LLC sources certain
 20 products for Digital Gadgets and serves as an
 21 agency for sourcing products.

22 Q. When you say "sourcing products,"
 23 can you explain to me what "sourcing" means?

24 A. Means finding sources that have
 25 products that may be applicable for sale by

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<p>Digital Gadgets.</p> <p>Q. Is it fair to say sourcing is like finding vendors of the products?</p> <p>A. It's fair to say.</p> <p>Q. Do you know an individual named Chris Mitchell?</p> <p>A. Yes.</p> <p>Q. Is he still working for Digital Gadgets?</p> <p>A. No.</p> <p>Q. Do you know who he currently works for?</p> <p>A. No.</p> <p>Q. Is he currently working for Techpoint, LLC?</p> <p>A. No.</p> <p>Q. By the way, Techpoint, LLC --</p> <p>A. If I would not know who he's working for, how would I know if he is working for Techpoint, LLC?</p> <p>Q. Well, that's a very good question.</p> <p>By the way, Chris Mitchell was employed by Digital Gadgets, correct?</p> <p>A. I'm not sure. I don't believe</p>	<p>A. I can estimate.</p> <p>Q. Can you give me an estimate of when he was employed by Techpoint, LLC?</p> <p>A. Roughly 2016 and 2017.</p> <p>Q. Do you know when he left Techpoint, LLC?</p> <p>A. Towards the end of 2017.</p> <p>Q. Did you have any personal dealings with Techpoint, LLC?</p> <p>A. As the president of Digital Gadgets.</p> <p>Q. And how -- can you explain to me --</p> <p>A. Techpoint, LLC was responsible for sourcing products for Digital Gadgets, then I would have dealings with, in my capacity of president of Digital Gadgets, have dealings with Techpoint, LLC.</p> <p>Q. Did you personally form Techpoint, LLC?</p> <p>A. No.</p> <p>Q. Did you own any ownership interest in Techpoint, LLC?</p> <p>A. Yes, in the past.</p> <p>Q. And would that be 100 percent</p>
<p>so.</p> <p>Q. Was Chris Mitchell ever employed by any company that had dealings with Digital Gadgets in the past?</p> <p>A. You just asked me if Techpoint, LLC has an affiliation with Digital Gadgets, and you asked me if Chris Mitchell works for Techpoint, LLC.</p> <p>Q. Right.</p> <p>A. Now you are asking me if I know if Chris Mitchell had been employed by any company that had any dealings with Digital Gadgets?</p> <p>Q. Right.</p> <p>A. So I don't understand where the difference would be.</p> <p>Q. Well, the difference -- let me try to ask another question, maybe it's the question that I asked was incorrect.</p> <p>Was Digital Gadgets, sorry not Digital, was Chris Mitchell once employed by Techpoint, LLC?</p> <p>A. Yes.</p> <p>Q. Do you know when he was employed by Techpoint, LLC?</p>	<p>owned by you?</p> <p>A. No.</p> <p>Q. Majority owner of Techpoint, LLC?</p> <p>A. I don't know.</p> <p>Q. And is it fair to say that you had control on Techpoint, LLC at all times in the past?</p> <p>A. No.</p> <p>Q. Who's the current president of Techpoint, LLC?</p> <p>A. There is no current president.</p> <p>Q. And who is the managing member of Techpoint, LLC?</p> <p>A. Today?</p> <p>Q. Correct.</p> <p>A. I'm not sure.</p> <p>Q. Do you know back in 2016, let me give you a time frame, early 2017, who was the managing member at Techpoint, LLC?</p> <p>A. No.</p> <p>Q. When Chris Mitchell was employed by Techpoint, LLC, did you hire him?</p> <p>A. I'm not sure who hired him. I might have been involved in the interviews.</p> <p>Q. Do you know who else was involved</p>

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<p>1 in the interviews?</p> <p>2 A. No.</p> <p>3 Q. Have you heard of Interworks</p> <p>4 Unlimited, Inc.?</p> <p>5 A. I've heard of the term</p> <p>6 Interworks, I don't know about the comma Inc.</p> <p>7 Q. Okay.</p> <p>8 When did you first hear of this</p> <p>9 company?</p> <p>10 A. I don't recall.</p> <p>11 Q. Have you ever met an individual</p> <p>12 named Eric Lu?</p> <p>13 A. Yes.</p> <p>14 Q. Do you recall when you met him?</p> <p>15 A. I believe it would be in</p> <p>16 January 2017.</p> <p>17 Q. Did you meet him in New York?</p> <p>18 A. I don't believe so.</p> <p>19 Q. Do you recall where you met him</p> <p>20 first?</p> <p>21 A. I recall that I met him in</p> <p>22 Las Vegas. I don't know if there were other</p> <p>23 meetings, but that's one that I recall.</p> <p>24 Q. Were you in Vegas for a trade</p> <p>25 show?</p>	<p>1 hoverboards from --</p> <p>2 A. Are you stating that as a fact or</p> <p>3 are you asking me -- what's the question?</p> <p>4 Q. Do you remember at the time you</p> <p>5 first met Eric Lu your company had already</p> <p>6 made purchases from his company?</p> <p>7 A. Do I remember if my company</p> <p>8 already made purchases?</p> <p>9 Q. Yes.</p> <p>10 A. Again, just like I said before,</p> <p>11 I'm not clear on the timeline, but we</p> <p>12 purchased purchases from him and I met him.</p> <p>13 I'm not recalling the sequence of events.</p> <p>14 Q. So you don't remember when your</p> <p>15 company first purchased products from his</p> <p>16 company?</p> <p>17 A. In relation to when I met him,</p> <p>18 I'm not sure.</p> <p>19 Q. Okay.</p> <p>20 Do you know what was the</p> <p>21 merchandise your company purchased from his</p> <p>22 company?</p> <p>23 A. Hoverboards.</p> <p>24 Q. Before you came today, did you</p> <p>25 review any documents, intra-company, relating</p>
<p>1 A. Yes.</p> <p>2 Q. And what trade show was that?</p> <p>3 A. The CES trade show.</p> <p>4 Q. CES would stand for?</p> <p>5 A. Consumer Electronics. I don't</p> <p>6 know what the "S" is for. Show.</p> <p>7 Q. That's a good guess.</p> <p>8 When you first met Eric Lu in</p> <p>9 Las Vegas for this trade show, what did you</p> <p>10 guys talk about?</p> <p>11 A. (No response.)</p> <p>12 Q. Do you remember anything that you</p> <p>13 discussed with Eric Lu when you first met him?</p> <p>14 A. No.</p> <p>15 Q. Did he ever offer any of his</p> <p>16 merchandise to your company as a vendor?</p> <p>17 A. I believe when I met him we were</p> <p>18 already involved in some sort of business, but</p> <p>19 I don't know the sequence. I don't recall</p> <p>20 offhand the sequence of events.</p> <p>21 Q. Was Chris Mitchell there to?</p> <p>22 A. Yes.</p> <p>23 Q. At the meeting -- do you recall</p> <p>24 at the time the meeting taking place your</p> <p>25 company had already made purchase of</p>	<p>1 to the purchase of these hoverboards?</p> <p>2 A. I reviewed certain documents.</p> <p>3 Q. And what were these documents</p> <p>4 that you had reviewed?</p> <p>5 A. There were a production of</p> <p>6 documents, they were voluminous, I reviewed</p> <p>7 them to refresh my memory, but I don't know</p> <p>8 which documents -- I can't recall which</p> <p>9 documents or why. There were a lot of</p> <p>10 documents.</p> <p>11 Q. Did you review your company's</p> <p>12 purchase orders?</p> <p>13 A. Not particularly. I may have</p> <p>14 scanned them. I'm sure I scanned them.</p> <p>15 Q. Did you review the invoices</p> <p>16 issued by Interworks to your company?</p> <p>17 A. What do you mean by "review"?</p> <p>18 Q. Review, meaning look at the</p> <p>19 document and have -- for a certain purpose,</p> <p>20 and when you finished reading it, well, I</p> <p>21 can't give you a definition of review. Review</p> <p>22 means review.</p> <p>23 A. Then I can't answer it.</p> <p>24 Q. Well, have you had a chance to</p> <p>25 look at those documents?</p>

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<p>1 A. I looked at them.</p> <p>2 Q. Okay.</p> <p>3 The invoices -- with respect to</p> <p>4 these invoices issued by Interworks to your</p> <p>5 company, did you have a chance to look at</p> <p>6 those invoices?</p> <p>7 A. When you say "these invoices," I</p> <p>8 don't know what you mean.</p> <p>9 Q. Invoices of -- pertaining to the</p> <p>10 hoverboards sold by Interworks to your</p> <p>11 company.</p> <p>12 A. Is there a particular invoice you</p> <p>13 are referencing?</p> <p>14 Q. Any invoice in the past.</p> <p>15 A. I've seen invoices, yes.</p> <p>16 Q. Do you recall how many invoices</p> <p>17 that you looked at?</p> <p>18 A. No.</p> <p>19 Q. Was it more than one?</p> <p>20 A. I'm not sure.</p> <p>21 Q. Do you have a good idea of how</p> <p>22 many units of the hoverboards your company</p> <p>23 purchased from Interworks in the last three</p> <p>24 years?</p> <p>25 A. No.</p>	<p>1 you recall what new products he was trying to</p> <p>2 sell you?</p> <p>3 A. At this point, I couldn't recall</p> <p>4 them, no.</p> <p>5 Q. Okay.</p> <p>6 A. It was beyond what we had or were</p> <p>7 already discussing. He had a suite with lots</p> <p>8 of products in it that he was looking to sell</p> <p>9 to us.</p> <p>10 Q. Other than hoverboards, did</p> <p>11 Interworks ever sell any products to Digital</p> <p>12 Gadgets?</p> <p>13 A. I'm not sure.</p> <p>14 Q. Did you discuss with Eric Lu,</p> <p>15 when you first met him, anything relating to</p> <p>16 an exclusive distributorship agreement?</p> <p>17 A. I don't recall. In that meeting,</p> <p>18 I don't recall what was discussed.</p> <p>19 Q. Subsequent to that meeting, did</p> <p>20 you have any discussion with Eric Lu</p> <p>21 pertaining to some kind of exclusive business</p> <p>22 relationship with Interworks?</p> <p>23 A. Yes.</p> <p>24 Q. And do you recall when that</p> <p>25 conversation took place?</p>
<p>1 Q. Was it more than 10,000 pieces?</p> <p>2 A. I just said I don't have an</p> <p>3 idea. I don't have a good idea.</p> <p>4 Q. With passage of time you may not</p> <p>5 have exact recollection of things, and that is</p> <p>6 very natural.</p> <p>7 I'm not asking you to give me the</p> <p>8 exact units or numbers of hoverboards that</p> <p>9 your company purchased from my client. All</p> <p>10 I'm trying to figure out is if you have an</p> <p>11 estimate of how many units?</p> <p>12 A. I don't have an estimate.</p> <p>13 Q. When you first met Eric Lu in</p> <p>14 Las Vegas, did you discuss any payment terms</p> <p>15 with respect to the goods that were being sold</p> <p>16 to your company?</p> <p>17 A. I don't recall.</p> <p>18 Q. What do you recall, if at all,</p> <p>19 any discussion that you had with Eric Lu, when</p> <p>20 you first met him?</p> <p>21 A. I remember he was taking us</p> <p>22 through some new products that he was coming</p> <p>23 out with, and we were discussing the potential</p> <p>24 business relationship between our companies.</p> <p>25 Q. When you say "new products," do</p>	<p>1 A. No.</p> <p>2 Q. Do you recall what kind of</p> <p>3 exclusive deal you were talking about?</p> <p>4 A. Yes.</p> <p>5 Q. Can you generally describe to me</p> <p>6 the terms of such deal exclusivity?</p> <p>7 A. Generally, I can describe it.</p> <p>8 Q. Okay.</p> <p>9 Can you help me describe it?</p> <p>10 A. Interworks asked us to market his</p> <p>11 boards that he got stuck with to certain</p> <p>12 accounts that we deal with, "we" being Digital</p> <p>13 Gadgets, and have good relationships with</p> <p>14 those retailers. And in exchange for us</p> <p>15 marketing the boards to those retailers, being</p> <p>16 that he was also in the business, the</p> <p>17 arrangement was that we, Digital Gadgets,</p> <p>18 would be the exclusive seller of certain</p> <p>19 technology and boards to those retailers,</p> <p>20 meaning no other seller could sell those</p> <p>21 boards to those accounts.</p> <p>22 Q. And QVC was one of those</p> <p>23 retailers?</p> <p>24 A. Yes.</p> <p>25 Q. When you had this discussion on</p>

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<p>1 this type of exclusivity agreement with 2 Eric Lu, did you know at the time that 3 Eric Lu's company had already been selling 4 products to QVC, products, specifically 5 hoverboards?</p> <p>6 A. Yes.</p> <p>7 Q. And you also know that QVC had 8 completed its sample testing on Eric Lu's 9 hoverboards and approved the quality of his 10 hoverboards?</p> <p>11 A. I couldn't know if they approved 12 the quality on his hoverboards, quote/unquote.</p> <p>13 Q. He never told you about that?</p> <p>14 A. That's not what I said.</p> <p>15 Q. Yeah, my question is: Did he 16 ever tell you that he has submitted sample -- 17 samples of hoverboards to QVC for testing and 18 it was approved?</p> <p>19 A. He did say that his -- one of his 20 boards was approved.</p> <p>21 Q. Was that board Model C 22 hoverboard?</p> <p>23 A. I would need to refresh my memory 24 or see documents to answer that question.</p> <p>25 Q. Did your discussion with Eric Lu</p>	<p>1 Santa Fe Springs in California?</p> <p>2 A. I'm familiar with the name.</p> <p>3 Q. Was this Phoenix Warehouse 4 providing services to Digital Gadgets?</p> <p>5 A. Yes.</p> <p>6 Q. And for how long?</p> <p>7 A. I don't know.</p> <p>8 Q. Do you know that Phoenix 9 Warehouse went out of business?</p> <p>10 A. Yes.</p> <p>11 Q. Do you know what year?</p> <p>12 A. No.</p> <p>13 Q. When you first met Eric Lu, did 14 you have any discussion on getting a 15 consignment deal from him?</p> <p>16 A. I don't recall.</p> <p>17 Q. Did you ever discuss with him at 18 any time in the past that your company is 19 willing to purchase hoverboards from his 20 company based on consignment terms?</p> <p>21 A. You just asked me if I discussed 22 consignment with him and I said I don't 23 recall. Now you are asking me something about 24 consignment again. I'm not sure what you 25 mean.</p>
<p>1 on this exclusive agreement ever lead to 2 anything in writing?</p> <p>3 A. I wouldn't know.</p> <p>4 Q. Did you ever sign any exclusive 5 agreement with Eric Lu's company?</p> <p>6 A. I don't recall.</p> <p>7 Q. When I say "you," I meant Digital 8 Gadgets.</p> <p>9 Do you recall Digital Gadgets 10 signed any written exclusive distributorship 11 agreement?</p> <p>12 A. I don't recall.</p> <p>13 Q. Do you know when -- I think you 14 previously said you don't remember when 15 Digital Gadgets first purchased some 16 hoverboards from Interworks?</p> <p>17 A. I did say that.</p> <p>18 Q. You did say that, right?</p> <p>19 A. (Witness nodding.)</p> <p>20 Q. Do you recall when was the very 21 last time Digital Gadgets purchased any 22 hoverboards from Interworks?</p> <p>23 A. No.</p> <p>24 Q. Are you familiar with a business 25 entity called Phoenix Warehouse located in</p>	<p>1 Q. The first question was the first 2 time you met him.</p> <p>3 A. Oh.</p> <p>4 Q. The second question is, whenever 5 in the past, did you ever have any discussion 6 with him on that?</p> <p>7 A. Possibly.</p> <p>8 Q. How many times did you personally 9 meet him, if you recall?</p> <p>10 A. I don't recall.</p> <p>11 Q. Was it more than one time?</p> <p>12 A. I don't recall. I remember one 13 time. I don't recall if there were more.</p> <p>14 Q. I'm not sure if I got the answer 15 from you.</p> <p>16 Do you recall ever discussing 17 with him on the consignment term, ever in the 18 past?</p> <p>19 A. Again, I don't recall if I 20 discussed consignment with him. I just don't 21 recall.</p> <p>22 Q. Do you recall having discussion 23 with Eric Lu concerning Digital Gadgets' 24 application for credit with a factor?</p> <p>25 A. Application?</p>

1 Q. Yes.
 2 A. No.
 3 Q. To your knowledge, did Digital
 4 Gadgets ever submit any application to a
 5 factor named Bibby?
 6 A. I recall there were conversations
 7 with Bibby, I don't know about an application.
 8 Q. You said you had some
 9 recollection about that name; do you remember
 10 anything about this factor, Bibby?
 11 A. I remember that Eric was very
 12 worried about his relationship with Bibby, and
 13 was desperate to satisfy them in terms of the
 14 transaction that we need to do.
 15 Q. Did Eric Lu request your company
 16 to submit your application to Bibby for
 17 Bibby's approval on --
 18 A. I remember on numerous occasions,
 19 he would ask either myself or Chris Mitchell
 20 to get involved with Bibby to satisfy them
 21 regarding the purchase, multiple occasions.
 22 Q. To sat --
 23 A. It was an urgent request.
 24 Q. It was an urgent request; do you
 25 remember when that happened?

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1 of the word "application."
 2 Q. Right.
 3 A. It's a very broad, you know,
 4 might mean a piece of paper that's filled out,
 5 it might mean a phone call, it might mean an
 6 e-mail, it might mean a conversation, so what
 7 I was answering to was I don't remember if
 8 there was an application in the definition of
 9 application where a form might be filled out.
 10 Q. When you said "application" you
 11 meant a form, so you don't remember whether or
 12 not there was any written --
 13 A. Correct.
 14 Q. Do you recall any verbal
 15 application?
 16 A. I remember discussions.
 17 Q. With Bibby?
 18 A. Yes.
 19 Q. And who at Bibby?
 20 A. I don't recall.
 21 Q. Do you recall the gist of the
 22 conversation?
 23 A. Not particularly.
 24 What do you mean by "gist"?
 25 Q. The gist is the important -- the

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1 A. No.
 2 Q. And what was the purpose for
 3 Eric Lu to request you and Chris Mitchell to
 4 start talking to Bibby?
 5 A. You would have to ask him.
 6 Q. Was he trying to get your company
 7 approved by this vendor, so the vendor, I'm
 8 sorry, approved by this factor, so this factor
 9 can finance your purchase deals?
 10 A. You are asking me to answer what
 11 his state of mind to do something would be, I
 12 don't think that would be in my ability to
 13 swear to.
 14 Q. That's fair.
 15 Did you hear from anybody in your
 16 company regarding Bibby's decision on
 17 qualifying you, I mean your company, after the
 18 application was turned in?
 19 A. I did not understand that
 20 question at all.
 21 Q. Well, I think you previously
 22 testified that you don't remember any
 23 application that was ever submitted to
 24 Bibby --
 25 A. So I was answering you in terms

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1 important part of that conversation.
 2 A. Bibby was trying to establish a
 3 credit line for Digital Gadgets.
 4 Q. With respect to the goods that
 5 your company purchased?
 6 A. I don't know with what respect, I
 7 just know the purpose of the gist, as you
 8 describe it, would be for them to establish a
 9 line. I would presume that that line would be
 10 allocated to Interworks to enable credit
 11 protected sales to Digital Gadgets.
 12 I don't think it would include
 13 sales, but I believe if he wanted to use his
 14 credit line, that that's what the conversation
 15 or the gist, as you call it, would be.
 16 Q. Do you know why that conversation
 17 had any relevance to Digital Gadgets?
 18 MR. LAZARUS: Objection to the
 19 form of the question.
 20 A. Yeah, I don't understand the
 21 question.
 22 Q. Well, do you know why you were on
 23 the phone -- were you on the phone with Bibby?
 24 A. Possibly.
 25 Q. Do you know why Bibby had to

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1 discuss a credit line of Interworks with you 2 or your company? 3 A. You'd have to ask Bibby or 4 Interworks. 5 Q. Was it because you were buying 6 products from Interworks? 7 A. It could be a reason. 8 Q. Do you know any other reasons? 9 A. I don't wanna speculate as to 10 reasons. 11 Q. Did you ever go to law school? 12 A. No. 13 Q. Did you ever personally involve 14 (sic) in making any purchase orders for 15 hoverboards? 16 A. Repeat the question. 17 Q. Have you ever personally involve 18 in making any purchase order for buying 19 hoverboards from Interworks (sic)? 20 A. Me personally? 21 Q. Yes. 22 A. No. 23 Q. That wasn't your job, right? 24 A. I didn't say that wasn't my job. 25 I said I haven't been involved in issuing any Page 30	1 A. Yes. 2 Q. Do you have to be in charge of 3 the company's finance? 4 A. I'm involved in finance. As the 5 president and CEO, everything rolls up, but I 6 don't do the financial day-to-day. 7 Q. Do you recall when Digital 8 Gadgets started selling hoverboards to QVC? 9 A. No. 10 Q. Before Digital Gadgets started 11 selling those hoverboards to QVC, was there a 12 prior business relationship going between 13 these two entities? 14 A. Which two? 15 Q. Digital Gadgets and QVC. 16 A. You need to rephrase the 17 question. 18 Q. Before you started selling these 19 hoverboards -- 20 A. Which hoverboards? 21 Q. The hoverboards that you 22 purchased, your company purchased from 23 Interworks. 24 A. So you are asking prior to 25 Digital Gadgets selling hoverboards -- Page 32
1 purchase orders to Interworks. 2 Q. By the way, we missed that, what 3 was your job duties? 4 A. You did ask that. 5 Q. I did? 6 A. Yeah. 7 Q. Maybe I missed that. 8 I don't think I asked that. 9 You told me -- 10 A. I said I was the president and 11 CEO. 12 Q. That was the position I have 13 down, but I never asked you your job duties. 14 What are your job duties? 15 A. Honestly, I couldn't answer a 16 question like that. As president/CEO of the 17 company, your job duties are to ensure the 18 company has objectives and meets its plans. 19 That would be my definition. 20 Q. Do you supervise your company's 21 operations? 22 A. Yes. 23 Q. Do you have to attend business 24 meetings with vendors and customers from time 25 to time? Page 31	1 Interworks hoverboards to QVC? 2 Q. Why don't I change it to a 3 simpler question? 4 When did you, if you recall, when 5 did your company start doing business with 6 QVC? 7 A. 2008 -- 2009, I'm sorry. 2009. 8 Q. Do you recall the very first 9 product of merchandise your company was 10 selling to QVC back in 2009? 11 A. No. 12 THE WITNESS: Can I pause you for 13 a second? 14 Can we take a five-minute break 15 for a phone call prior to 11:00? 16 MR. HSU: Sure. 17 THE WITNESS: Now? 18 MR. HSU: Let's do a ten-minute 19 break now. 20 THE WITNESS: Fine. 21 (Recess taken.) 22 BY MR. HSU: 23 Q. Before Digital Gadgets placed any 24 purchase order, do you have to review it and 25 approve it? Page 33

1 A. Me personally? 2 Q. Yes. 3 A. No. Doesn't preclude me from 4 reviewing any. 5 Q. If you want to, you could? 6 A. Yes. 7 MR. HSU: Let me attach these two 8 documents; why don't we mark them as 9 Exhibit 1 and 2. 10 (Tebele Exhibit 1, Second Amended 11 Notice of Taking Deposition of Charlie 12 Tebele, marked for identification.) 13 (Tebele Exhibit 2, Second Amended 14 Notice of Taking Deposition of 15 Defendant/Counterclaimant Digital 16 Gadgets, LLC, marked for 17 identification.) 18 Q. These two exhibits or notices of 19 deposition of you individually and notice of 20 taking deposition of defendant, Digital 21 Gadgets. 22 The -- my understanding is that 23 you have been designated as the person most 24 knowledgeable about the issues in this case by 25 your company, Digital Gadgets, right?	1 knowledge of any returns of hoverboards made 2 by Digital Gadgets to Interworks? 3 A. Personal knowledge that I'm 4 carrying in my head, no. There may be 5 documents to support in whatever we would 6 submit. 7 Q. Okay. 8 A. Whether there were or weren't... 9 Q. That's fair. 10 Have you ever seen any documents 11 in the possession of your company that had 12 anything to do with the return that was 13 referenced in number 14 here? 14 A. I don't recall any specific 15 documents. 16 Q. Okay. 17 A. That doesn't mean there aren't 18 documents, that doesn't mean I didn't see 19 them, but I don't know of any specific 20 documents. 21 Q. You might have seen them, but you 22 don't remember at that point? 23 A. Correct. 24 MR. LAZARUS: Give me one second 25 with Charlie.
Page 34 1 A. (No response.) 2 MR. LAZARUS: Yes. 3 MR. HSU: Okay. 4 Q. Now, fairly quickly, if you look 5 at the Exhibit 2, the second amended notice of 6 taking deposition of defendant, if you can 7 help me go to the second page. 8 A. (Witness complying.) 9 Q. Look at the third page. 10 A. (Witness complying.) 11 Q. And you can see these categories 12 being described on top of the pages number 10 13 all the way through number 21, right? 14 A. Yes. 15 Q. Did you look at those categories 16 before you came today? 17 A. You are asking me if I saw this 18 document before I came today? 19 Q. Yes. 20 A. I don't recall. 21 Q. 14, if you look at that 14, says 22 in a return of merchandise to the defendant 23 that were previously purchased from the 24 plaintiff. 25 Do you have any personal	Page 36 1 THE WITNESS: Yeah. 2 (Recess taken.) 3 A. So just to clarify, any returns, 4 there would be paperwork if it was requested, 5 that would substantiate whether there were 6 terms or not in the submissions. 7 Q. My previous question to you is, 8 do you recall seeing any of those documents? 9 A. In the ordinary course of 10 business we returned product, so I don't 11 recall specific documents, but, like I said, 12 if there were documents and reports showed to 13 me, I can identify whether they were returns 14 or not based on those documents. 15 Q. Sitting there, you don't have any 16 specific recollections on any specific 17 documents? 18 A. Correct. However, you know, 19 there are registers and documents and backup 20 to what was returned and wasn't returned. 21 Q. Let's move on to the next one. 22 This will be -- you guys can share. 23 It is a letter dated May 19, 24 2017. 25 MR. HSU: This will be Number 3.

(Tebele Exhibit 3, Document bearing Bates stamp Interworks 7, marked for identification.)

Q. This letter apparently was written by Thomas Carulli, supposedly a lawyer working for this firm. I'm looking at the letterhead; Kaplan, Massamillo & Andrews. Have you ever seen this document?

A. Yes.

Q. Did you hire this law firm to write this letter to Interworks?

A. Yes.

Q. And let's look at the first paragraph.

Says "Dear Mr. Lu, we represent Digital Gadgets, LLC. This is to place you on notice that Interworks has violated the exclusive right granted DG," that's Digital Gadgets, "to sell Interworks products to and through QVC, moreover, at a price less than offered by Digital Gadgets, resulting in significant and irreparable harm to Digital Gadgets."

A. Yes, it was terrible.

Q. There are two issues raised by

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multiple occasions, I spoke to QVC. I mean this was a heavy issue, this wasn't a light issue and we would never, as our company policy, sell something that someone else makes, to then have that company go and compete with us on the same thing.

Q. Well, that's fair.

So Chris Mitchell reported this to you; what did he tell you, if anything, that you recall pertaining to this exclusive right?

A. Look, I had many conversations with Chris Mitchell and with Eric, but what I will say is Interworks was in a jam, we helped them, and explicit in the help was this exclusive, which was being honored for a time, but then at some point, Interworks decided to go rogue and go behind our backs, so it was not just implied, it was the tone of the entire relationship. And, moreover, we were discussing further exclusive and further accounts, so it wasn't that it was this one little thing, it was beyond that.

At some point, Interworks just decided that they were gonna not honor it.

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this paragraph. One, the first one was the exclusive right. You don't recall seeing any written documents or written agreements signed by Interworks and Digital Gadgets pertaining to this exclusive right?

A. I don't know about a written agreement, however there is a certain agreement without question between Interworks and Digital Gadgets that when Digital Gadgets was selling those goods to QVC, which Interworks was stuck with and QVC canceled their orders with, that Digital Gadgets would fill Interworks' shoes as the exclusive partner, there's no doubt about that.

Q. When you say "there's no doubt about that," you know, what proof do you recall?

MR. LAZARUS: Objection to the form of the question.

Q. Let me ask you this: When you say there's no doubt about this exclusive right, have you ever seen any e-mails sent by Eric Lu?

A. I've seen e-mails, I was on conversations, I spoke to Chris Mitchell on

Q. Okay.

To your knowledge, is --

A. Which caused us a tremendous amount of lost work and time and reputation.

Q. Do you know if Interworks is currently selling hoverboards to QVC?

A. I don't understand the question.

Q. To your personal knowledge, is Interworks selling hoverboards to QVC now?

A. At this moment, I don't know. Are they in business?

Q. Which party is in business?

A. Is Interworks still in business?

Q. That's why I'm here.

A. I don't understand.

Q. Well, you know, maybe your attorney can ask my client that question two weeks from now.

A. Okay. I don't know if they are selling it. I don't even know if they are in business. I'm hearing all kinds of things in the trade about deceptive things that they are doing, so I don't know if they are there, they are not there, they are selling, they are not selling, I don't know.

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1 Q. You heard something about
2 Interworks going out of business?
3 **A. I'm speculating. I'm wondering.**
4 **I'm asking you.**
5 Q. Unfortunately, I can't give you
6 that answer.
7 But your attorney can ask my
8 client a couple weeks from now, two, three
9 weeks from now.
10 **A. Okay. I just don't wanna -- you**
11 **are asking me if they are selling something, I**
12 **don't even know if they are in business, so**
13 **I'm trying to --**
14 Q. All I'm trying to get --
15 **A. How would I know what they are**
16 **doing?**
17 Q. Did you hear from QVC that they
18 are still selling to QVC?
19 **A. It's not something that I**
20 **discussed with QVC on a daily basis.**
21 Q. Okay. That's a good answer.
22 The -- if you look at the second
23 paragraph, a reference of insurance coverage
24 was mentioned. Do you know why lack of
25 insurance coverage was an important issue at

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1 these hoverboards supplied by Interworks?
2 **A. Doesn't the letter state that?**
3 Q. Yes, it does say that. I mean,
4 I'm asking you -- well, let me try to ask
5 another question.
6 When you had this letter written
7 to Interworks, did Interworks promptly show
8 you sufficient insurance coverage to alleviate
9 your such concern?
10 **A. Are you saying -- are you asking**
11 **me if we had insurance I would still go and**
12 **pay money to hire a lawyer and write a letter**
13 **that we didn't have insurance?**
14 Q. No. The question is, after you
15 sent this letter, after, did you or anybody
16 else at Digital Gadgets receive satisfactory
17 explanations from Interworks?
18 **A. I know that there was attempt to**
19 **resolve the insurance issue by Interworks. I**
20 **don't know if it was quote/unquote**
21 **satisfactory, but I do know that there was**
22 **certain actions taken as a result of this**
23 **letter to mitigate what -- maybe what**
24 **Interworks felt it needed to provide.**
25 Q. Subsequent to sending this

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1 the time when this letter was written?
2 **A. Why insurance is important?**
3 Q. Why lack of insurance coverage
4 was an important issue?
5 **A. It's a requirement of doing**
6 **business, and part of the product -- when QVC**
7 **approves a product for sale, there are certain**
8 **requirements. If insurance on that product is**
9 **part of the approval, it becomes part of**
10 **the -- you can't separate the insurance from**
11 **the product. If QVC approves the product that**
12 **has this cup with this holder with this lid,**
13 **and you take off the lid, it's no longer the**
14 **cup.**
15 **You follow what I'm saying?**
16 Q. Yes, I follow.
17 **A. So if the board doesn't have the**
18 **insurance and it was approved with the**
19 **insurance, then the lack of the insurance**
20 **makes the product not what it was represented**
21 **to be.**
22 Q. Okay.
23 The -- at the time, did you, I
24 mean Digital Gadgets, have serious concern on
25 lack of insurance coverage with respect to

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1 letter, did you realize that it was actually a
2 non-issue?
3 **A. No.**

4 Q. Are you aware Digital Gadgets had
5 to purchase insurance subsequent to sending
6 this letter to Interworks?

7 **A. Am I aware that Digital Gadgets**
8 **had to purchase -- if Interworks didn't solve**
9 **the problem, then Digital Gadgets would have**
10 **had to purchase insurance. I don't know the**
11 **dates and times, but if we had to do something**
12 **to mitigate damages, we would have done that**
13 **based on our relationship with QVC.**

14 Q. Right, QVC would have required
15 you, meaning your company, to provide that
16 coverage, if Interworks failed to provide one,
17 right?

18 **A. If it was provideable (sic) by**
19 **us. It's not like you could just go out and**
20 **like buying a pack of gum in the store, not**
21 **like saying, okay, you don't have it, I'll do**
22 **it, it's an intricate piece of equipment that**
23 **many insurance companies will not insure.**

24 Q. Do you personally involve in
25 obtaining or procuring such insurance coverage

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<p>1 after you realized that Interworks has failed 2 to provide such coverage (sic)? A. I don't recall exactly what 3 insurance we might have bought, but subject to 4 my review of documents I would be able to 5 refresh my memory. Q. You don't remember exactly what 6 insurance coverage Digital Gadgets had to 7 purchase? A. Correct. Q. Because Interworks failed to 8 maintain one? A. Correct, and I don't know if just 9 Digital Gadgets purchasing insurance would be 10 sufficient to remedy that breach. Q. Do you have any recollection on 11 how QVC was affected by this lack of 12 insurance? A. I don't have specific -- we have 13 an obligation to fulfill the terms of our 14 contracts with QVC. How it affects them on 15 the other side, I don't know. We -- we, by 16 virtue of our reputation, you asked me how 17 long I'm doing business with them, which was 18 from 2008, have to adhere to certain standards</p>	<p>1 Let's look at the next one, would 2 be Number 4. (Tebele Exhibit 4, Document 3 bearing Bates stamp Interworks 8, marked 4 for identification.) Q. Next one is a short e-mail 5 Bates number Interworks 8 at the bottom of the 6 page. This e-mail was sent to Eric Lu 7 by Thomas Carulli. Thomas Carulli was one of 8 your lawyers retained by your company back 9 then in May 2017, right? A. You just asked me to testify that 10 Thomas Carulli was an alleged lawyer on this 11 letter; we said yes. Q. Right. It's the same Thomas Carulli, 12 correct? A. Same one. Q. And he stated on this e-mail that 13 there is no reasonable dispute that Interworks 14 granted Digital Gadgets the exclusive right to 15 sell through QVC and Zulily; who is Zulily, 16 to your understanding? A. It's a retailer.</p>
<p>Page 46</p> <p>1 around products and reputation for having 2 insurance, and the lack of insurance is a 3 large problem. Q. Well, you may not recall seeing 4 the insurance policy or you may not be 5 personally involved in obtaining such 6 insurance coverage? A. Correct. Q. But is it your recollection that 7 Digital Gadgets had to go out and purchase 8 insurance coverage to resolve this issue with 9 QVC? A. The ordinary course of business 10 would be for us to do whatever needs to be 11 done to mitigate and provide. I don't know 12 what we provided or what we got or when. 13 Based on me looking at documents I would be 14 able to refresh my memory. Q. But is it fair to say that you 15 knew it was provided but you don't remember? A. No, it's not fair to say. Q. You don't remember the terms of 16 the policy? A. No, it's not fair to say. Q. Okay.</p>	<p>Page 48</p> <p>1 Q. Is it an online retailer? A. I guess you could call it that, 2 yeah. Q. Do they have retail shops? A. I don't believe so. Q. Do you recall Interworks signing any of the exclusive right to sell agreement with respect to Zulily? A. What was the question? Q. Do you recall Interworks signing any written document or written agreement granting Digital Gadgets the exclusive right to sell through Zulily with respect to Zulily? A. I don't recall signing an agreement. MR. HSU: Next one will be 5. It's a one page e-mail. (Tebele Exhibit 5, Document bearing Bates stamp Interworks 22, marked for identification.) Q. Let me take it back. On this document Bates stamped Interworks number 22, consists of a number of e-mails, at least two. On top you see an e-mail from you to Eric Lu</p>

1 dated February 17, 2017, subject was High
 2 Roller Returns from QVC.
 3 And you said to Eric "Noted on
 4 the below, we will work it out."
 5 And you further said "Do you know
 6 if Bibby spoke to Rosenthal?"
 7 Who's Rosenthal?

8 **A. Rosenthal is the factor for
 9 Digital Gadgets.**

10 Q. To your recollection, when you
 11 composed this e-mail to Eric, Digital Gadgets
 12 was trying to get a line of credit from Bibby?

13 **A. I don't think the way you are
 14 phrasing it is proper.**

15 Q. Let's look at the e-mail down
 16 below.

17 This was written by Eric Lu on
 18 the same day to Chris and Charlie, and that
 19 Charlie is you, right?

20 **A. That's me.**

21 Q. And Chris is -- was Chris
 22 Mitchell?

23 **A. Yes.**

24 Q. Eric says here, "I can support
 25 you guys on the Mini."

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1 after shipping the goods, and agreeing to
 2 terms and conditions with Digital Gadgets,
 3 Interworks then went to seek Bibby's approval,
 4 rather than getting it prior to him shipping
 5 it.

6 Q. Do you know why Interworks is
 7 trying to get Digital Gadgets hooked up with
 8 Bibby?

9 **A. They wouldn't get them hooked up.**

10 Q. Was it because Bibby will pay
 11 Interworks first for the account payable on
 12 the side of the Digital Gadgets?

13 **A. The way I would understand how
 14 factoring would work, that would be a
 15 reasonable assumption, but I don't know what
 16 Bibby's relationship was.**

17 **But it's clear to me that from
 18 this e-mail that the goods were shipped and
 19 then he seeked (sic) the credit approval from
 20 Bibby after -- not the other way around, which
 21 would be a traditional way to do it. So maybe
 22 he was in trouble with his factor or I don't
 23 know what, but...**

24 Q. The reason he sent this letter,
 25 was it because he wanted to --

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1 Do you know what Mini is?
 2 **A. It's a certain version of the
 3 hoverboard.**

4 Q. Okay.

5 "However, we still don't have our
 6 factor to approve you guys."

7 Who was "our factor" referred to
 8 by Eric Lu here?

9 **A. My assumption is, I mean I can't
 10 speak for him, but my assumption is Bibby.**

11 Q. Okay.

12 He further says "Like I had said
 13 before, I could give you guys terms only if
 14 our factor approves you. I have been nervous
 15 about Model C."

16 Was the Model C the only model of
 17 Digital Gadgets purchased from Interworks?

18 **A. I don't know.**

19 Q. Is it your recollection that
 20 Bibby ultimately did not approve Digital
 21 Gadgets?

22 **A. I don't know. I don't know.**
 23 **Digital Gadgets bought the goods from
 24 Interworks. Interworks shipped the goods.
 25 What it appears to me from this e-mail is**

1 **A. He wanted to sell us more goods.**

2 Q. Exactly.

3 **A. And even more goods on top of the
 4 fact that we already had goods, and wanted to
 5 give us more goods, but Bibby didn't approve
 6 it, and then on top of giving us more goods
 7 then go around and sell them behind our back
 8 and not have the insurance and all these
 9 things, that's basically, and me go do the
 10 work to make his factor happy, that's the way
 11 it looks like to me, like a whole big scheme.**

12 Q. Let me ask you this: For all the
 13 goods that Digital Gadgets had purchased from
 14 Interworks, is it your recollection that all
 15 of these goods had been sold?

16 **A. I don't know.**

17 Q. And delivered to QVC or QVC's
 18 customers?

19 **A. I don't know.**

20 Q. Here on the second paragraph,
 21 Eric Lu said that Digital Gadgets still owes
 22 \$35,000, did this -- do you remember that this
 23 number is correct when he wrote this e-mail to
 24 you and Chris reminding you that Digital
 25 Gadgets still owed 35k to Interworks?

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1 **A. The number might be correct, but
2 there might be a reason for it, so what he is
3 he stating is he got \$400,000 and there was a
4 balance of 35k.**

5 Q. 35k he says here is not so much,
6 so I don't want to chase you guys; do you
7 remember what was the unit price for each
8 hoverboard?

9 **A. I don't know.**

10 Q. Was it about a-hundred-something
11 bucks?

12 **A. I really don't remember. If it
13 was 35k outstanding, there would be a reason
14 for the 35k to be outstanding.**

15 Q. What would be the reason?

16 **A. There could be various reasons.**

17 Q. I don't want you to speculate.

18 **A. If you are asking me the reason
19 for this particular -- particular 35k --**

20 Q. I'm asking you that. I was
21 asking you for that.
22 **A. I don't have that reason. I
23 could refresh my memory looking at documents,
24 but off the top of my head, just as general
25 business practice there are many reasons that**

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1 **one company says that the amount owed is this,
2 the other company says what we owe is this and
3 there are mitigating reasons for the
4 reconciling differences.**

5 **You could send a client a bill
6 for \$13,600 for "X" amount of hours, and the
7 client can come back and say well, I have
8 record that you worked this many hours and pay
9 you that, and then there is reconciling
10 differences.**

11 Q. Well, one of the reasons,
12 generally speaking, between merchants for
13 mitigating or for disputing the invoices is
14 defective products, right?

15 **A. Could be one of the reasons.**

16 Q. Was it -- was a defective product
17 the reason that Digital Gadgets had not paid
18 or owed a balance of 35,000?

19 **A. It could be one of the reasons.**

20 **In a general sense QVC, due to the nature of
21 their business, returns products on a regular
22 basis, so there could be a reserve against
23 returns in transit or the reserve based on
24 what the estimated returns would be, that
25 could be.**

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1 **Q. Okay.**

2 Also it could be -- it could be
3 based on approved discount by the vendor?

4 **A. Could be -- could be on a
5 discount, could be an advertising program,
6 could be.**

7 **Q. Could be a lot of things?**

8 **A. Could be a lot of things, but it
9 doesn't look out of line that on \$400,000
10 worth of payments there might be \$35,000 worth
11 of these things.**

12 Q. Right, and the 400k for the first
13 shipment, at the time only \$35,000 was owed
14 which is less than ten percent?

15 **A. Right.**

16 Q. But if you look at this e-mail
17 and the subsequent e-mail, there's nothing
18 mentioning about the reason for this balance
19 of 35k?

20 **A. Well, there is an e-mail trail
21 below it, but it's not there. This is just a
22 snippet of one e-mail.**

23 Q. Okay.

24 THE WITNESS: Can we take a
25 one-minute break or two-minute

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1 break?

2 MR. SHU: Sure.

3 (Recess taken.)

4 MR. HSU: Next in order will be
5 number 6.

6 (Tebele Exhibit 6, Document
7 bearing Bates stamps Interworks 42
8 through Interworks 54, marked for
9 identification.)

10 Q. Number 6 consists of e-mails of
11 twelve pages, a string of e-mails.

12 These document pages were

13 Bates stamped from number 42 through 54.
14 Let's start with number -- page number 1 or
15 Interworks 42, bottom right of the page.

16 The top e-mail was composed and
17 sent by Chris Mitchell to Sam, Gillian Yip,
18 Eric Lu and have you cc'd on it, the subject
19 was High Roller Model C Returns. The date of
20 this e-mail was April 6, 2017. Chris Mitchell
21 said "Hi, Sam, the goods are at the
22 warehouse."

23 The goods that he referred to in
24 this e-mail were Model C hoverboards?

25 MR. LAZARUS: That's a question?

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<p>1 Q. That's a question. 2 Do you know that the goods being 3 referred to here by Chris Mitchell were the 4 Model C hoverboards sold by Interworks to your 5 company? 6 A. That's what the header says, but 7 I don't know without looking through the back 8 e-mails. 9 Q. That's fair. 10 Let's go to -- you see the Bates 11 number on the bottom right, right? 12 A. Yeah. 13 Q. Let me just direct you to a 14 specific page. 15 Let's look at page 46. 16 A. Yes, so 46 says we are prepared 17 the trailers for pickup for total of 5763 -- 18 Q. 5,763 units of high roller 19 hoverboard? 20 A. Right. 21 Q. High roller hoverboard sold to 22 your company by Interworks back then consists 23 of only one model, which was Model C, correct? 24 A. I don't know. I would assume so. 25 Q. All right.</p>	<p>1 5,700 units? 2 A. No. 3 Q. Was it because Digital Gadgets 4 told Interworks that I still have those 5,700 5 units in our warehouse, you can come pick them 6 all up if you want to? 7 A. It's possible. But I'm looking 8 at an e-mail on the string from Chris that 9 says the goods are at the warehouse, but we 10 were discussing with Eric about purchasing 11 more of them and waiting for more details 12 before finalizing, so I'm sure there were 13 subsequent conversations after April 6th about 14 this return. 15 Q. Okay. 16 Let's go over to 51, Interworks 17 51. 18 A. (Witness complying.) 19 Q. At the bottom right? 20 A. Yep. 21 Q. You see at the bottom of this 22 page, there is an e-mail from Chris Mitchell? 23 A. Yes. 24 Q. Dated March 10, 2017 and Chris 25 Mitchell was writing this e-mail to Sam? In</p>
<p>1 At all times in the past, do you 2 know there were two different models of 3 hoverboard sold by Interworks to Digital 4 Gadgets, or there was only one model? 5 A. There were multiple models. 6 Q. Are you aware of this return -- 7 are you aware of this term called RMA? 8 A. Yes. 9 Q. And that's the initial for return 10 merchandise authorization? 11 A. Yes. 12 Q. And this number, 1393, for a 13 total of 5,763 units of hoverboards? 14 A. Yes. 15 Q. Do you know what happened to this 16 RMA number 1393 with respect to the 5,763 17 units of hoverboards? 18 A. No. 19 Q. Do you know that Interworks 20 intended to pick them all up after the e-mail 21 was sent by Sam to Chris Mitchell along with 22 other people? 23 A. (No response.) 24 Q. Let me ask you this: Did you 25 know why Interworks wanted to pick up those</p>	<p>1 this e-mail Chris Mitchell outlined a 2 proposal. Did he tell you -- you were cc'd on 3 this e-mail to, right? 4 A. I don't know. 5 Q. If you look -- 6 A. Yeah, I'm cc'd on this e-mail. 7 Q. Right. 8 And then -- 9 A. But I'm not sure if this one -- I 10 see the one from Eric. I see one from Chris, 11 I don't know if I'm cc'd on it. 12 Q. Okay. 13 Did Chris Mitchell report to you 14 about this proposal? 15 A. Yes. 16 Q. That he was making to Eric, and 17 this proposal involves a number of payments at 18 different times and it also -- also a number 19 of hoverboard at a discounted price, 160. If 20 you look at the bottom of Interworks 51, Chris 21 Mitchell said we'll be keeping a thousand 22 boards at the 160; do you know that was a 23 discounted price that he was proposing? 24 A. I don't know that it was a 25 discounted price.</p>

1 Q. And then you go to the next page
 2 and essentially we agreed to pay weekly for
 3 what is sold. We agree to send a sales report
 4 on Monday from the prior week and then a wire
 5 on the coming Friday.

6 A. Yeah, I see that.

7 Q. Right around the time, meaning
 8 March 10, 2017, when this e-mail was sent to
 9 Interworks by Chris Mitchell, do you know how
 10 much of the invoice of Interworks issued to
 11 Digital Gadgets were not paid or were not
 12 satisfied?

13 A. If you are asking me knowing the
 14 amount now looking, no, I wouldn't. I would
 15 be able to look at reports and refresh my
 16 memory and provide it.

17 Q. Okay.

18 If you look at the second
 19 paragraph from the top, on Interworks 52 for
 20 the remaining 30 percent outstanding, we agree
 21 to pay a third of the remaining 30 percent.
 22 Did Interworks ever agree with this proposal,
 23 to your understanding?

24 A. It says here we had a
 25 conversation with Eric and here I have

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1 outlined the implication of next steps, so I
 2 don't know -- then I see Eric saying confirm.
 3 So looks to me that he did.

4 Q. Let's go to the next page.

5 A. Next page of what?

6 Q. Next page of this document.

7 A. What number?

8 Q. Interworks 53, very next.

9 A. (Witness complying.)

10 Q. There is only one e-mail on this
 11 page, and then we'll continue on to the next
 12 page. This is an e-mail composed and sent by
 13 Chris Mitchell on April 16, 2017 to Eric Lu,
 14 subject, our proposal, and then here Chris
 15 Mitchell was proposing, as you can see down
 16 below, one, will take remaining boards 5,000
 17 plus that we have in inventory.

18 Second line, we'll pay 50 percent
 19 on May 1, the other 50 percent on June 5 wire.
 20 There's some other terms being proposed -- oh,
 21 the third line says by him, he said, with
 22 that, "we need the exclusive contract drafted
 23 per" our discussion -- "per our conversation.
 24 Need to know we are being protected in our
 25 class of trade moving your boards."

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1 Is it your understanding, prior
 2 to this day, the written exclusive contract
 3 had not been drafted by anybody?

4 A. It's not my understanding. I
 5 don't know that there was or there wasn't, but
 6 what this looks like to me is that they were
 7 talking about other accounts, and maybe based
 8 on all the back and forth, it looks like they
 9 wanted to outline it in the contract based on
 10 whatever conversation they had.

11 Q. Did Chris Mitchell ever discuss
 12 with you before he sent this proposal to Eric
 13 Lu?

14 A. Yes.

15 Q. Was Chris Mitchell correct in
 16 stating that there was 5,000 plus of
 17 hoverboards that you had in inventory at the
 18 time?

19 A. I don't understand the question.

20 Q. Well, it says Chris Mitchell said
 21 we will take remaining boards, 5,000 plus that
 22 we have in inventory.

23 A. So what's the question?

24 Q. The question is: To your
 25 recollection, was Chris Mitchell correct in

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1 saying that Digital Gadgets still had over
 2 5,000 units of hoverboards in inventory?

3 A. I would assume that to be
 4 correct.

5 Q. Do you know subsequent to this
 6 e-mail sent to Eric Lu, did Interworks and
 7 Digital Gadgets ever reach an agreement with
 8 respect to this proposal?

9 A. Can you please repeat the
 10 question? Is this --

11 Q. There is a proposal as reflected
 12 on this e-mail, did this proposal ever lead to
 13 any written agreement?

14 A. I don't know.

15 Q. Chris Mitchell was general
 16 manager when he sent this e-mail out to
 17 Eric Lu, right?

18 A. What was the question?

19 Q. Was he -- what was the job title?
 20 Let's look at Interworks 54, the very next
 21 page.

22 A. (Witness reviewing.)

23 Q. See on top "Talk soon. Thanks,
 24 Eric. Chris. Chris Mitchell, general
 25 manager"?

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<p>A. Yes, Chris was the general manager.</p> <p>Q. Was he always the general manager when he was working for Digital Gadgets?</p> <p>A. He was working for Techpoint, LLC.</p> <p>Q. Techpoint, LLC, okay.</p> <p>And Techpoint, LLC was outsourcing vendors for Digital Gadgets?</p> <p>A. Sourcing.</p> <p>Q. Sourcing.</p> <p>Do you know what happened to the remaining 5,000-plus hoverboards in inventory?</p> <p>A. No.</p> <p>Q. Were these records eventually all sold to QVC and/or its customers?</p> <p>A. I don't know all -- what quantity. I know some boards were sold, I don't know the exact numbers or what's remaining or what's left.</p> <p>Q. Who at Digital Gadgets would have that personal knowledge?</p> <p>A. Personal knowledge nobody would have, but we would have access to reports and computer generated reports to see who they</p>	<p>number to answer based on the amount of activity that goes on in the warehouse or in accounts payable.</p> <p>You follow what I'm saying?</p> <p>Q. Yeah, I'm following what you are saying.</p> <p>All the information, the items you just made reference to, you had the ability to get in your company's computer and put that -- have them all printed out on paperwork after you have time to go over them, you would have pretty good idea of how many units were sold?</p> <p>A. Correct.</p> <p>Q. And how much money was paid by QVC, how much money was paid by Digital Gadgets to Interworks with respect to these goods?</p> <p>A. Yes.</p> <p>Q. And you had the ability to do that because you have access into your company's computer?</p> <p>A. Yes.</p> <p>MR. HSU: This will be number 7. (Tebele Exhibit 7, Document</p>
<p>were sold to, when they were sold and what's remaining. No one would retain personal knowledge of numbers like that.</p> <p>Q. Well, you were here yesterday with Mr. Asamoah, remember that, Mr. Asamoah?</p> <p>A. Yes.</p> <p>Q. He was in charge of the POs and invoices and receiving report; he would have that personal knowledge of how many?</p> <p>A. Of how many were sold, no.</p> <p>Q. What about Ms. Gillian Yip, she was in charge of warehousing?</p> <p>A. Yes.</p> <p>Q. Specifically the shipments of products to QVC's customers or QVC; would she have personal knowledge of how many units were sold to QVC and/or its customers?</p> <p>A. Please refer to my statement. My statement is that nobody would retain such personal knowledge unless they were guessing.</p> <p>The amounts are reflected in our computer systems as to what were sold, who they were sold to, how many are remaining. When you start using numbers like 5,000 and did they all ship, that's just an impossible</p>	<p>bearing Bates stamp Interworks 88, marked for identification.)</p> <p>Q. Number 7 is a short page that has two e-mails. On top you can see -- well, we don't know who sent it, but if you look at the content of the e-mail, you see Gillian Yip, Essential Logistic Fulfillment; that's the company that you formed to provide services on logistics to Digital Gadgets, right?</p> <p>A. Yes.</p> <p>Q. Okay.</p> <p>And Ms. Yip says here "According to the notes on your accounts, Interworks is currently on hold pending legal review." Do you understand why she said Interworks is currently on hold?</p> <p>A. Do I understand why?</p> <p>Q. Yes.</p> <p>A. I understand what it means.</p> <p>Q. Can you tell me the meaning of that?</p> <p>A. It means that our legal department placed the company on hold.</p> <p>Q. And do you know why?</p> <p>A. Why the company was put on hold?</p>

1 Q. Right.
 2 A. I mean, looking at this letter
 3 dated -- Interworks 7, dated May 19th, and
 4 looking at this e-mail from Gillian, which is
 5 dated after that letter of May 19th, I would
 6 assume it may have something to do with each
 7 other. The reasons outlined in Interworks 7
 8 are the reasons why the account was put on
 9 hold.

10 Q. That letter written by your
 11 lawyer, Thomas Carulli, specifically stated
 12 two complaints or two claims concerning the
 13 breach of the exclusive right to sell to QVC
 14 and failure to maintain the required insurance
 15 coverage, correct?

16 A. Yep.

17 Q. Okay.

18 Again, based on your
 19 recollection, were these the two reasons that
 20 caused your company to place Interworks'
 21 account on hold?

22 A. I believe there were other
 23 reasons as well that might have happened
 24 subsequent to May 19th, but I don't know if it
 25 was prior to this e-mail.

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1 Q. And do you recall the form of
 2 these documents that you received from QVC?

3 A. What do you mean?

4 Q. Did QVC send you a letter saying
 5 that hey, all your batteries are no good now,
 6 does not match with the battery that we
 7 inspected; did you receive a letter from QVC?

8 A. It's not a letter; however,
 9 subsequent to all of our transactions with
 10 Interworks, we submitted one of the boards for
 11 testing for a new program that we were doing
 12 with QVC, which was supposed to be the same as
 13 the boards that we were selling all along to
 14 QVC, and QVC alerted us that the units failed
 15 compliance, and the reason that they failed
 16 compliance were due to batteries that were not
 17 matching what was submitted, which led us to,
 18 by process of elimination, determine that we
 19 were selling incorrectly the item that QVC
 20 thought it was buying, based on what
 21 Interworks represented to us that they were
 22 selling to us.

23 Q. Do you recall when you first,
 24 meaning you, meaning Digital Gadgets, when did
 25 Digital Gadgets first receive any notice from

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1 Q. And what were these other
 2 reasons, if you recall?

3 A. There was a serious fraudulent
 4 conveyance of the items that were sold to us
 5 relative to the part that was approved by QVC,
 6 and the battery that was inside the unit did
 7 not match specifications of what we purchased.

8 Q. Well, when you say "fraudulent
 9 conveyance," what do you mean by that?

10 A. I didn't use the term "fraudulent
 11 conveyance."

12 MR. HSU: Can you read that back?

13 (Record read.)

14 A. There was a fraudulent -- so
 15 those two -- take those two words separately.
 16 Fraudulently we were sold boards that had been
 17 conveyed to us that there was a certain
 18 battery inside those units that were not the
 19 batteries that were approved by QVC for sale.

20 Q. How did you know about that?

21 A. QVC reported that to us.

22 Q. And did you receive any paperwork
 23 from QVC stating that these batteries were
 24 nonconforming batteries?

25 A. Yes.

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1 QVC concerning the battery issue?

2 A. I would need to look at documents
 3 to refresh my memory.

4 Q. Was it after your lawyer sent
 5 this letter out?

6 A. I would imagine that it would be
 7 after or it would have been on that letter.

8 Q. And it would be after Chris
 9 Mitchell sent this proposal in April to
 10 Eric Lu?

11 A. I don't know. It is possible
 12 that QVC could have notified that there was an
 13 issue that didn't rise to the level of what we
 14 now had suspected would be fraudulent. It
 15 could be clerical, it could be -- I don't know
 16 at what time the notice would happen when it
 17 would start, but certainly it elevated, and at
 18 the time that it elevated I assume would be
 19 after this May 19th letter.

20 Q. Okay.

21 Did you have any meeting with QVC
 22 concerning the battery at issue?

23 A. I'm sure that people in the
 24 company had meetings or phone calls.

25 Q. Do you recall when you received,

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1 when I say you, I meant Digital Gadgets, do
 2 you recall when Digital Gadgets received
 3 notice from QVC concerning the battery issue,
 4 how many hoverboards at the time still
 5 remained in the warehouse of QVC or subject to
 6 control of -- not QVC, let me try to -- strike
 7 that.

8 When you realized that there was
 9 a problem concerning the battery issue and you
 10 received any notice -- the first notice from
 11 QVC about this particular issue, did Digital
 12 Gadgets still have hoverboards, or Interworks,
 13 in the warehouse?

14 **A. I'm pretty sure we did, yes.**

15 Q. Did you ask anybody else to tell
 16 you how many units of hoverboards that still
 17 remained on inventory with Digital Gadgets
 18 (sic)?

19 **A. I don't understand this question
 20 at all.**

21 Q. Well, were you concerned at the
 22 time when Digital Gadgets received notice from
 23 QVC for this issue, battery issue, did you
 24 have concern that Digital Gadgets should
 25 return these hoverboards back to Interworks

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1 because of this battery issue?

2 **A. I don't really understand. I
 3 really don't understand the question. You are
 4 asking me if there was a concern to return
 5 them? Really what you are saying doesn't make
 6 sense at all from a business standpoint.**

7 Q. Well, when you received the
 8 complaint or the report or notice from QVC,
 9 relating to the battery issue --

10 **A. Right.**

11 Q. -- did you at the time want to
 12 return all of those hoverboards remaining on
 13 inventory with you to Interworks?

14 **A. I don't know. It would be a
 15 developing situation and the general business
 16 practice would be put -- would be to put
 17 everything on hold once we discover we have a
 18 serious breach like that and figure out what
 19 happened later.**

20 Q. If you had known a problem from
 21 your customer pertaining to quality, not
 22 quantity, quality, of the goods --

23 **A. Yep.**

24 Q. -- out of ordinary course of
 25 business, would you not want to return those

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1 goods?

2 **A. No, we would put everything on
 3 hold. If there's evidence that we need, if
 4 there's anything, we wouldn't touch anything.
 5 Once we discover a fraudulent situation, our
 6 business practice is to put everything on
 7 hold, stop selling it, stop shipping it, stop
 8 moving it, don't touch it until our attorneys
 9 advise us what to do.**

10 Q. At the time, did you decide not
 11 to sell them pending the on hold?

12 **A. Please refer to my statement that
 13 I just said.**

14 Q. I understand what you are saying,
 15 but, you know, I could not get the -- maybe I
 16 will try another way.

17 **A. Everything goes on hold, that
 18 means everything goes on hold, that means we
 19 stop now. There could be a sequence of
 20 events, there could be time that it takes for
 21 every department to get the message, but the
 22 message is we have been defrauded, we have a
 23 serious issue in terms of reputation with QVC,
 24 customer exposure, what we sold, liability, so
 25 the instruction is we hold everything until**

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1 **our attorneys tell us what to do. Hold means
 2 hold. Means we don't touch them, we don't
 3 ship them, we don't sell them to customers.**

4 **And again, it may take time to
 5 shut down the engine, there might be goods in
 6 transit, there might be things being
 7 processed, there might be things happening,
 8 but the general sense is we shut down the
 9 engine and everything goes on hold, hence the
 10 e-mail from Ms. Yip to Sam at Interworks;
 11 Interworks is currently on hold pending legal
 12 review.**

13 Q. Did Digital Gadgets ever receive
 14 a bill from or multiple bills from QVC that
 15 have anything to do with the battery issue?

16 **A. I don't know what you are talking
 17 about.**

18 Q. Did QVC ever make a claim of
 19 damages against Digital Gadgets because
 20 Digital Gadgets was supplying these
 21 hoverboards that had the wrong battery or
 22 defective battery?

23 **A. We were subject to very serious
 24 conversations with QVC over this issue. There
 25 was a severe reputational issue.**

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<p>1 Q. Where did this conversation take 2 place? 3 A. With buyers, with quality 4 assurance people, many different 5 conversations.</p> <p>6 Q. Do you recall when? 7 A. No. 8 Q. Do you recall where? 9 A. At QVC. 10 Q. And were you present? 11 A. I was present. 12 Q. And do you recall -- do you 13 recall who else was present at QVC for that 14 issue? 15 A. Our reps and buyers and sales 16 reps. 17 Q. Are you able to recall the names 18 of QVC's employees attending that meeting? 19 A. I would need to look at e-mails 20 to refresh my memory. 21 Q. To your knowledge, was there any 22 QVC customers returned any of the hoverboards 23 supplied by Interworks because of the battery 24 issue? 25 A. I don't know. I don't know what</p>	<p>1 what I guess the implication is we would need 2 to have some complaint or some evidence to 3 take action, and what I'm telling you is, as 4 soon as we discovered the problem and the 5 problem rose to a level where it was serious, 6 we stopped.</p> <p>7 Q. And what did you do after you 8 stopped? You mentioned about a few things 9 that -- other than those things that you 10 mentioned, any other efforts that you had set 11 in place to confront this issue?</p> <p>12 A. I don't know, but at some point 13 it became a legal issue, and once it became a 14 legal issue it took on a life of its own and I 15 guess that's why we are sitting here.</p> <p>16 Q. Well, QVC discovered this issue 17 and --</p> <p>18 A. No. QVC told us that this is not 19 what we submitted. We submitted this and when 20 we opened the box it was that. That's not 21 good. If I tell you I'm handing you a wallet 22 with \$10 in it, and you took it home and you 23 got \$5 and somebody calls you and says I only 24 got \$5, not 10, the 10 that you promised me, 25 that's a problem.</p>
<p>Page 78</p> <p>1 reason customers use for returns, I wouldn't 2 have access to that.</p> <p>3 Q. That's fair.</p> <p>4 Did you receive any notice from</p> <p>5 QVC concerning how many returns made by their</p> <p>6 customers, because of the battery issues?</p> <p>7 A. Again, we don't get the reason 8 for the return, we just get the return. If 9 you knew you were providing fraudulent 10 services to one of your clients, would you 11 wait for one of your clients to say -- if you 12 realize you were providing fraudulent services 13 to your client and you realized that by 14 accident, and are you gonna wait for your 15 client to complain that you are providing 16 fraudulent services before you take action?</p> <p>17 Q. Well, I would not be able to</p> <p>18 answer that question, because I --</p> <p>19 A. I don't think you need to answer 20 it.</p> <p>21 Q. I wouldn't know the definition of</p> <p>22 fraudulent.</p> <p>23 A. I don't think you need to answer 24 it. So what you are asking me is, did we get 25 notice or did someone at QVC complain, and</p>	<p>Page 80</p> <p>1 Q. Right.</p> <p>2 A. Right.</p> <p>3 Q. Right.</p> <p>4 And --</p> <p>5 A. And if I go back and say the guy 6 who gave me all these \$10 wallets only put \$5 7 in them, I'm gonna start looking to see where 8 the problems lie.</p> <p>9 Does that make sense to you?</p> <p>10 Q. When you receive indications or</p> <p>11 reports that led you to believe that there --</p> <p>12 the batteries supplied by Interworks were</p> <p>13 defective, not matching with whatever they</p> <p>14 submitted for sample testing by QVC, is that</p> <p>15 your statement (sic)?</p> <p>16 A. Say that one more time.</p> <p>17 Q. When you -- by the way, do you</p> <p>18 know your company had to submit some samples</p> <p>19 to QVC before you started selling the</p> <p>20 hoverboards to QVC?</p> <p>21 A. That's not entirely accurate.</p> <p>22 Q. Oh.</p> <p>23 Which part was not entirely</p> <p>24 accurate?</p> <p>25 A. All of it.</p>

1 Q. The question, very simple: Did
2 you know Digital Gadgets had to submit samples
3 to QVC for testing and approval before you
4 started selling them?
5 A. **That's not true.**
6 Q. Not true?
7 A. **No. In this case, because**
8 **Interworks purported to sell us the unit that**
9 **was already approved by QVC, QVC allowed us to**
10 **sell it based on our reputation and vouching**
11 **for the fact that it was the same model, so we**
12 **began to sell it without submitting a sample.**
13 **And only after five months later when we**
14 **needed to submit a sample for a new program**
15 **and new orders did we then submit them a**
16 **sample, and then determined that what we were**
17 **selling them all along was fraudulent.**
18 Q. You are 100 percent sure about
19 that?
20 A. **I'm sure of what I just said.**
21 Q. Okay.
22 That's very good answer. I'm
23 just --
24 A. **That doesn't mean that's 100**
25 **percent of what occurred.**

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1 A. **That's what it says.**
2 Q. Okay.
3 Does it say that the -- by the
4 way, what is the products described on this
5 report?
6 A. **(No response.)**
7 Q. Description on top, you see Chic
8 High Roller Self Balancing Hoverboard W? I
9 don't know what that "W" means. Do you know,
10 W slash --
11 A. **What are you asking me?**
12 Q. I'm asking if you know what that
13 means? I have no idea what that means. What
14 the W at the end and slash, what does that
15 mean?
16 A. **Probably is truncated that**
17 **there's some words after that, but it doesn't**
18 **pick up on the form.**
19 Q. The reason I was asking you,
20 because I don't know what that means.
21 If you go through this report, it
22 seems like the samples submitted by Interworks
23 to QVC passed the testing?
24 A. **Yes.**
25 Q. Is there anything -- you see the

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1 Q. Well, that's based on your
2 recollection that's what happened, right?
3 A. **Yes.**
4 Q. Okay.
5 MR. HSU: Let's mark this as 8.
6 (Tebele Exhibit 8, Document
7 bearing Bates stamps Interworks 212
8 through Interworks 221, marked for
9 identification.)
10 Q. Exhibit 8 is a computer generated
11 form on top of the first page says QVC, QA
12 sample, evaluation report?
13 A. **Correct.**
14 Q. And have you ever seen this
15 entire report?
16 A. **I have seen this form. I don't**
17 **know if I've seen this report before, but I'm**
18 **familiar with the form.**
19 Q. And if you look at those days,
20 probably the seventh or eighth line from the
21 top, indicates that the sample evaluation due
22 date, pick due date, requested due date, look
23 at those days, do those tell you that the
24 samples were submitted to QVC by Interworks in
25 early October?

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1 second page of this exhibit, the Bates number
2 Interworks 213 in the midsection of the page
3 where it says battery identification, four
4 battery packaging, four general electrical
5 requirement test, Interworks passed all of
6 those things, right?
7 A. **I don't know what -- I mean you**
8 **are making a statement, I guess, yeah.**
9 Q. So you were saying that
10 Interworks -- I'm trying to understand what
11 your claim is. One of your claims is that
12 Interworks fraudulently --
13 A. **Interworks had got this board**
14 **approved.**
15 Q. Right.
16 MR. LAZARUS: Referring to?
17 A. **Interworks 212.**
18 Q. This is 8.
19 A. **The item on this Exhibit Number 8**
20 **was approved for sale by QVC.**
21 Q. And QVC --
22 A. **And you want me to continue to**
23 **answer, make it easier?**
24 Q. Sure.
25 A. **Interworks sold us this board,**

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1 item number T34604, purportedly the same
2 board, that's what we ordered, that's what we
3 told QVC we were gonna be shipping them.
4 Subsequently, in April, May or June or March
5 or I don't know what date when we submitted
6 these very boards to QVC, they failed with QVC
7 telling us that's not the same battery.

8 When we went back and said --
9 referred them to this very report and said
10 wait a minute, it passed, what do you mean
11 it's the same, they said no, it's not the
12 same, which means that until we submitted
13 it -- from the time that we started, to the
14 time that we submitted it, there was something
15 very rotten going on, because it wasn't this
16 passed board.

17 Q. Do you know why QVC asked Digital
18 Gadgets to submit these samples for testing in
19 March, April or May of 2017?

20 A. There was a new program, and
21 based on a new program sometimes they require
22 a new submission, and based on that new
23 submission, which were the same boards that we
24 bought from the first day from the same batch
25 of 5,000 or 7,000 or whatever thousand is

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1 rolling around here, we kept sending boards to
2 QVC saying no, this can't, it's the same
3 board, no, it says T346, whatever, and they
4 are saying no, it's different, it's failed.

5 So that would lead us to believe
6 we were selling failed boards to our large
7 customer.

8 Q. And when you said there was a new
9 program, that new program was put in place by
10 QVC, right, it was not your decision, it was
11 their decision, meaning QVC's decision to
12 initiate this new program?

13 A. I don't know whose decision it
14 is.

15 Q. And after QVC tested a few
16 examples that your company submitted, in
17 March, April or May, and notified you that the
18 battery failed and that does not match with
19 their previous model that were submitted by
20 Interworks --

21 A. Can you repeat it, please?

22 Q. You said that the battery -- the
23 battery -- well, let's start with QVC asked
24 your company to submit a few samples for
25 retesting?

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1 A. I didn't say for retesting.

2 Q. For testing. This was after your
3 lawyers sent a letter to Eric Lu?

4 A. No.

5 Q. Or could be before?

6 A. I would imagine it was somewhere
7 in -- I don't know when the submission
8 started, and I don't know what the report back
9 happened in relation to that letter.

10 Q. But there was a submission
11 happening, and the problem discovered after
12 QVC notified you that hey, the samples you
13 submitted for testing does not match --

14 A. It wouldn't happen like that. We
15 wouldn't -- if it failed, we wouldn't first
16 suspect that the vendor committed fraud on us.
17 We would first try to, in the ordinary course
18 of business, say wait, it must be wrong, must
19 be right, let's see what it is. Only after
20 very many back and forths in this case did we
21 end up saying, wait a minute, we have a
22 problem.

23 In other words, if we submit it
24 and it failed, you see this document Exhibit 8
25 how many different areas of compliance there

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1 are, each one is -- it could take weeks or
2 months to figure out the very nature of the
3 failure and point out to, by process of
4 elimination, that the batteries didn't match,
5 and it was through a lot of work and back and
6 forth that we had to get to that
7 determination.

8 Q. What decision made by QVC, if you
9 know, specifically with respect to Model C
10 hoverboard that they purchased from you, when
11 they realized there was an issue on battery
12 (sic)?

13 A. I really don't understand your
14 question.

15 Q. Did QVC request that your company
16 take back all of the Model C hoverboards
17 because this problematic battery that does not
18 match with what --

19 A. I don't know what they requested
20 to do. I know what we would do to protect
21 ourselves which would be to cease sales, to
22 hold and stop and find out what the
23 ramifications are.

24 Q. Did you request QVC to return all
25 of the existing hoverboards on inventory --

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1 A. I don't know QVC had boards on
 2 inventory. I don't know where you are making
 3 that assumption from.

4 Q. Well, did you ask QVC how many
 5 boards QVC still has sitting in its warehouse?

6 A. Again, I don't know that that
 7 would be part of the general line of
 8 questioning. The way I understand it is we
 9 would ship the boards for QVC so they wouldn't
 10 have them in their warehouse.

11 Q. Now, yesterday, I don't know if
 12 you were here or not, did you hear that
 13 Ms. Gillian testified, Gillian Yip?

14 A. Yes.

15 Q. She testified yesterday that
 16 the -- your company would ordinarily ship
 17 hoverboards to QVC's warehouse and QVC's
 18 customers?

19 A. That's correct.

20 Q. So when she was talking about
 21 QVC's customers, she's saying these end users,
 22 right?

23 A. Right. The way I understand it,
 24 these boards were being shipped to end users.

25 Q. So there are boards that shipped

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1 liability insurance.

2 Before you came today, did you
 3 review all of the certificates of liability
 4 insurance provided by Interworks to your
 5 company?

6 A. No.

7 Q. So you've never seen this
 8 document before?

9 A. I'm not familiar with it. I may
 10 have seen it.

11 Q. Okay.

12 Let's mark the next one and see
 13 if you have seen this one.

14 (Tebele Exhibit 10, Document
 15 bearing bates stamp Interworks 300,
 16 marked for identification.)

17 Q. If you look at this certificate
 18 of liability insurance dated July 13, 2017,
 19 have you ever seen this document before?

20 A. I may have.

21 Q. But you are not sure about it?

22 A. I'm not sure that I have seen it
 23 before. I may have.

24 (Tebele Exhibit 11, Document
 25 bearing Bates stamp Interworks 301,

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1 directly to QVC's warehouse in New Jersey and
 2 being stored there?

3 A. QVC doesn't have a warehouse in
 4 New Jersey.

5 Q. Or maybe she was saying some
 6 other warehouse located in New York?

7 A. Let's cut to what you are trying
 8 to say. I don't believe that QVC had boards
 9 in their warehouse at the time of this.

10 Q. You don't believe there was any
 11 remaining inventory being stored at QVC's
 12 warehouse?

13 A. For sale.

14 Q. What is the location of QVC's
 15 warehouse?

16 A. They have warehouses all over the
 17 country, but they don't have one in New
 18 Jersey.

19 Q. Do they have any warehouse in
 20 New York?

21 A. I don't believe so.

22 (Tebele Exhibit 9, Document
 23 bearing Bates stamp Interworks 299,
 24 marked for identification.)

25 Q. Number 9 is a certificate of

1 marked for identification.)

2 Q. Number 11, have you ever seen
 3 this certificate of insurance?

4 A. I may have.

5 Q. Let me go back to that QVC QA
 6 sample testing report, that was Exhibit 8.

7 Do you recall receiving a report
 8 from QVC stating that the battery that came
 9 with the hoverboard failed the testing and
 10 also on the report says that the battery that
 11 came with the samples do not match with what
 12 was previously submitted?

13 A. Again, let me take you through
 14 how it would be. We would get a failure, it
 15 would outline many areas of failure. Only
 16 through going back and forth and resubmitting
 17 and trying again and resubmitting and trying
 18 again, by process of elimination, finally get
 19 down to the fact that batteries didn't match.

20 It wouldn't be, hey, you
 21 submitted this, the battery didn't match. It
 22 would be submitted, it would be failed. It's
 23 like a game of ping pong, then we'd have to
 24 try to mitigate the failures, all the while
 25 not knowing, not even thinking in a million

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1 years that the battery would be different
2 inside the units, because it's not a battery
3 you open up and take out. You have to
4 actually disassemble the unit to get to the
5 battery. It wouldn't be apparent, and QVC
6 wouldn't provide us a road map and say it's a
7 different battery. They didn't even know it
8 was tied to this submission. We said, hey, it
9 has to be the same battery, it has to pass,
10 you passed it before.

11 Q. Right.

12 A. And they said no, sorry. Then it
13 would lead to more and more and meetings until
14 we would finally be able to isolate it as a
15 different battery.

16 Q. Okay.

17 My question is: When that issue
18 was discovered by your company, you also
19 receive a report, QA report from QVC outlining
20 all the failures which would also include the
21 battery issues in that?

22 A. Right, but it wouldn't say it's a
23 different battery, it would just say the
24 battery failed.

25 Q. Okay.

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1 pictures and records and to protect themselves
2 against people submitting them one thing and
3 shipping another.

4 Q. Again, I don't remember if you
5 were here when Ms. Yip testified on certain
6 questions or responded to my questions
7 yesterday regarding the hoverboards that your
8 company is currently selling. She, if I
9 recall correctly, she said, correct me if I'm
10 wrong, she said your company is currently
11 selling hoverboards?

12 A. Yes.

13 Q. And these hoverboards were
14 manufactured by different factories?

15 A. Yes.

16 Q. Than those you got from
17 Interworks?

18 A. Yes.

19 Q. And when I asked her are the
20 hoverboards that your company is selling are
21 all Model C, and I think she was not able to
22 recall?

23 A. Model C is a term unique to
24 Interworks. If it was a quote/unquote Model
25 C, it would be an Interworks board.

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1 A. You follow?

2 Q. I understand. I understand.

3 Do you recall on that report you
4 received from QVC -- how will you know --
5 based on that report, how will you know the
6 hoverboard came from Interworks?

7 A. How would we know that board that
8 we submitted came from Interworks?

9 Q. Right.

10 A. If it was an Interworks High
11 Roller whatever model that we submitted.

12 Q. Does the report actually say
13 that, Interworks High Roller Model C?

14 A. I don't know, but if you are
15 asking how we know what was submitted, there
16 are pictures, probably, and there are records
17 that support what we are submitting.

18 Obviously, if that was the case
19 we could support -- we could submit anything
20 to QA and nobody would be able to have any
21 accountability over what it would be and then
22 ship any other thing, so there has to be a
23 trail and a supported trail that's kind of
24 sophisticated that measures what was submitted
25 versus -- and I believe even QVC takes

1 Q. So the current hoverboards that
2 you are selling to QVC that were manufactured
3 by other factories, and not exactly the same
4 model --

5 A. We only purchased those models
6 after we realized we couldn't sell the
7 Interworks boards, so they came in subsequent
8 and later.

9 Q. Okay.

10 And your company purchased
11 directly from the manufacturer in China?

12 A. Yes.

13 Q. And do you recall when you first
14 started selling these hoverboards to QVC? I
15 mean a different factory that you purchased
16 and turned around and sold to QVC, do you
17 recall when you started doing that?

18 A. I need you to rephrase the
19 question.

20 Q. Well, we are talking about a
21 different factory, different manufacturers of
22 the hoverboards that your company is currently
23 selling to QVC; when did you start buying from
24 that factory?

25 A. We've been dealing with that

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<p>1 factory for many years. 2 Q. So that was before you met 3 Eric Lu, you were in business with that 4 factory? 5 A. Along many different products 6 that have nothing to do with hoverboards. 7 Q. To your knowledge, does that 8 factory also manufacture a similar product 9 like Model C manufactured by Shenzhen? 10 A. I don't know, it's quite 11 possible. 12 Q. Shenzhen is a city that is one 13 hour away from Hong Kong roughly, right? 14 A. Yes. 15 (Recess taken.) 16 BY MR. HSU: 17 Q. Next in order, Exhibit 12. 18 (Tebele Exhibit 12, Document 19 bearing Bates stamp Interworks 405, 20 marked for identification.) 21 Q. 12 is an e-mail prepared and sent 22 by ingridchen@bibbyusa.com on Tuesday, 23 February 14, 2017, sent to Eric Lu and cc on 24 Charlie. 25 Mr. Tebele, have you ever seen</p>	<p>1 to. 2 (Tebele Exhibit 13, Document 3 bearing Bates stamp Interworks 399, 4 marked for identification.) 5 Q. 13 consists of two pages. On top 6 there is a date February 14, 2017, to Todd 7 Valoff, V-A-L-O-F-F? 8 A. Yep. 9 Q. Do you recognize this document? 10 A. Yes. 11 Q. Who's Todd Valoff? 12 A. Todd is the representative at 13 First Republic Bank that handles Digital 14 Gadgets' bank account. 15 Q. Okay. 16 When you see on the first page of 17 this exhibit checking account balance of 18 26,672.74, was that the checking account of 19 Digital Gadgets? 20 A. That's what it says. 21 Q. And it was -- the date this 22 checking account was opened was back in 23 December of 2015? 24 A. That's what it says. 25 Q. Going back to the last exhibit,</p>
<p>1 this e-mail before? 2 A. Yes. 3 Q. Okay. 4 Was this the last e-mail that you 5 received from Bibby USA rejecting the 6 application? 7 A. I don't know. 8 Q. Submitted by Digital Gadgets for 9 \$1 million plus credit coverage? 10 A. I don't know. 11 Q. To your knowledge, did Bibby 12 Financial Services ever grant any credit 13 coverage to Digital Gadgets in the past? 14 A. I would have no way of knowing 15 that. 16 Q. After you received this e-mail, 17 did you personally do anything in attempt to 18 get this million dollar credit coverage? 19 A. I don't know. 20 Q. Ms. Chen mentioned the bank 21 information only shows 26,000 checking 22 account. Your understanding, this 26,000 in 23 credit -- in checking account, whose checking 24 account was that? 25 A. I don't know who she's referring</p>	<p>1 Page 98 2 Ms. Chen mentioned about the checking account 3 balance of 26,000, was she mentioning this 4 particular document? 5 A. Ms. Chen? 6 Q. Ingrid Chen. 7 A. It could be. 8 Q. But you don't have any personal 9 knowledge about that? 10 A. I mean you are showing me two 11 documents. It looks like that's what she 12 would be referring to. They are on the same 13 date. 14 Q. Next one will be 14. 15 (Tebele Exhibit 14, Document 16 bearing Bates stamp Digital Gadgets 154, 17 marked for identification.) 18 Q. 14 has a number of e-mails; one, 19 two, three. On top the -- this Cheryl 20 Baiochi sent to bunch of individuals, Chris 21 Mitchell was one of them. You were not cc'd 22 on this e-mail. Have you ever seen the top 23 e-mail? 24 A. Possibly. 25 Q. And if you look at the date and time subsequent to the top e-mail, Paulette</p>

1 Brown at Digital Gadgets responded to -- oh,
 2 Cheryl was working for QVC at the time; do you
 3 know her?
 4 **A. Are you asking me a question?**
 5 Q. Yes. Do you know her personally?
 6 **A. No.**
 7 Q. It seems to me that these e-mails
 8 were discussing about some samples submitted
 9 to QVC's testing.
 10 Do you have any personal
 11 knowledge about the subjects being discussed
 12 on these e-mails?
 13 **A. Yes.**
 14 Q. What would that be?
 15 **A. What would what be?**
 16 Q. Your personal knowledge?
 17 **A. What we've been discussing for
 18 the last hour regarding the QA.**
 19 Q. Right, and you looked at the
 20 second e-mail from the top, Paulette, she was
 21 your employee, right?
 22 **A. Yes.**
 23 Q. She said we have done that,
 24 verified that we have the hoverboards matching
 25 the specs in testing for T34764?

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1 Q. Will you be able to identify
 2 who --
 3 **A. This is the number that QVC
 4 assigns to it.**
 5 Q. Okay.
 6 And this number then will be the
 7 very number used to identify the hoverboards
 8 sold by Digital Gadgets to QVC?
 9 **A. No, this is the board that
 10 Interworks sold to QVC.**
 11 Q. First, and then --
 12 **A. This number that was assigned
 13 here.**
 14 Q. Oh, I got it.
 15 **A. Is assigned on the submission
 16 that Interworks submitted.**
 17 Q. Okay.
 18 And that, to your understanding,
 19 that was a Model C High Roller?
 20 **A. I can't tell from this, but
 21 that's what my understanding was.**
 22 Q. Okay.
 23 And regardless of a color, every
 24 hoverboard supplied by Interworks to QVC
 25 through you would bear the same SKU number?

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1 **A. That's what I told you before.**
 2 Q. What is T34764?
 3 **A. That's the item number that QVC
 4 assigned to the Interworks board.**
 5 Q. Is that the same as the SKU
 6 number?
 7 **A. No.**
 8 Q. Item number?
 9 **A. Um-hmm.**
 10 Q. From that previous exhibit, the
 11 sample testing report, can you tell me where
 12 the report states -- not the SKU number, but
 13 the item number?
 14 **A. It says here T34604.**
 15 Q. That's the SKU number, right, it
 16 has SKU on top?
 17 **A. Yes.**
 18 Q. To your understanding, SKU number
 19 is the same as the item number that you were
 20 referring to?
 21 **A. It should be.**
 22 Q. Okay.
 23 By looking at the SKU number, you
 24 would know what model of hoverboard --
 25 **A. No.**

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1 **A. No. No.**
 2 Q. Okay.
 3 **A. This was the number that they
 4 assigned to this submission to this board from
 5 Interworks.**
 6 Q. Okay.
 7 **A. There might be other submissions.
 8 There might be other bundles. Every item they
 9 could have submitted a series of items, they
 10 could put it under a family of product, they
 11 create their own SKU number, it has nothing to
 12 do with us.**
 13 Q. So this SKU number came from
 14 Interworks?
 15 **A. No.**
 16 Q. From QVC?
 17 **A. Yes.**
 18 Q. QVC assigned this number to --
 19 **A. To this sample.**
 20 Q. Okay.
 21 I'll move on after this question,
 22 but you don't have any personal knowledge on
 23 whether this number assigned by QVC is
 24 applicable to any given product, for example,
 25 QVC would only assign one SKU number to a

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1 model supplied by Interworks, for example,
 2 Model C, am I correct on that understanding or
 3 let me give you a scenario, you can correct me
 4 if I'm wrong. If Interworks had carried more
 5 than one model, Model A, B, C then D, four
 6 different models of hoverboards, and
 7 Interworks was able to get all of these four
 8 model numbers approved by QVC, QVC then would
 9 assign four different SKU numbers?

10 **A. Yes, that would be --**

11 Q. Because there are four different
 12 models?

13 **A. That would be their practice.**

14 Q. For every different model QVC
 15 would assign one SKU number for
 16 identification?

17 **A. They could assign multiple SKU
 18 numbers to one model, but they would assign
 19 one different SKU number for every single
 20 model.**

21 Q. At least one?

22 **A. At least one, that's what I mean.**

23 Q. Get that clear.

24 **A. They can assign two or three or
 25 four to the same board.**

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1 that QVC received from --

2 **A. I don't know.**

3 Q. Were these --

4 **A. These are the general dates of
 5 when they were evaluating it. I don't know
 6 how they track what day they received it.**

7 Q. Would be the last activity day?

8 **A. No, that's the last activity day.**

9 Q. Okay, so it's before this date?

10 **A. Again, I refer to my earlier
 11 statement, I don't know how they track what
 12 day they received them.**

13 Q. You see the vendor's name, vendor
 14 name Digital Gadgets LLC?

15 **A. Yes.**

16 Q. And vendor code, CX82-0000,
 17 that's your company, right?

18 **A. Um-hmm.**

19 Q. Okay.

20 Was there anything in this report
 21 showing the product came from Interworks?

22 **A. Yeah, it says High Roller Self
 23 Balancing Board right on the top. It didn't
 24 come from Interworks. We submitted the sample
 25 from Interworks. It came from Digital**

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1 Q. Okay.

2 Next one will be 15.

3 (Tebele Exhibit 15, Document
 4 bearing Bates stamps Digital Gadgets 14
 5 through Digital Gadgets 18, marked for
 6 identification.)

7 Q. 15 is another QVC sample QA
 8 report. As a matter of fact, this sample
 9 report was produced by your company in this
 10 litigation. Have you ever seen this document
 11 before?

12 **A. I might have seen it.**

13 Q. There are a few days mentioned
 14 and printed on the first page, top portion of
 15 this exhibit. You will see the pick due date
 16 June 5, 2017, sample evaluation due date
 17 June 15, 2017, requested due date June 2,
 18 2017, and further down to the left you see
 19 last activity date and time, June 2, 2017.
 20 These dates remind you when QVC received these
 21 samples from your company; was it in June,
 22 early June?

23 **A. This sample was received on the
 24 dates that it says there.**

25 Q. Which date, would be the date

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1 **Gadgets.**

2 Q. Right.

3 **A. We submitted an Interworks board.**

4 Q. At the time, was there any other
 5 company selling so-called High Roller Self
 6 Balancing Hoverboard?

7 **A. No.**

8 Q. Was there any information
 9 presented on this report that says these
 10 hoverboards were manufactured by the factory
 11 who work with Interworks at the time?

12 **A. I don't think that's something
 13 that they would catalog.**

14 Q. To your recollection or
 15 knowledge, personal knowledge, would QVC know
 16 about who manufactured the -- these
 17 hoverboards by looking at the product and the
 18 SKU numbers?

19 **A. If they wanted to determine who
 20 manufactured it, they could.**

21 Q. When you -- again, when I said --
 22 I was asking for your personal knowledge.
 23 When your company submitted these samples for
 24 QVC for testing purpose, did you submit the
 25 samples with the boxes or without the boxes?

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<p>1 A. We always have to submit it with 2 the boxes. 3 Q. So QVC wants to take a look at 4 what's printed on the box, QVC wouldn't know 5 where the hoverboard came from? 6 A. Yes, other than what you said the 7 description of the product. 8 Q. Was there anything in this report 9 saying that these hoverboards were 10 manufactured by Shenzhen Chic? 11 A. I don't know what Shenzhen Chic 12 has to do with it. You asked me about 13 Interworks. 14 Q. Do you know Shenzhen Chic was 15 manufacturing these hoverboards that were sold 16 to Digital Gadgets then sold to Digital 17 gadgets? 18 A. No, I don't know that. 19 Q. Is there anything in this report 20 mentioned -- mentioning that these hoverboards 21 came from Interworks? 22 A. I don't know. I mean the report 23 speaks for itself. 24 Q. Right. 25 You know, if I tell you that</p>	<p>1 A. No. Take a look all the way in 2 the middle section, the last line says 3 batteries included; you see that? 4 Q. Yes. 5 A. Go up three lines from that. 6 Q. Right. UL Model Smart C file 7 E483017? 8 A. Yeah. 9 Q. And there's a UL adapter Model 10 SPS, then there is some numbers after that? 11 A. Right. It would be some tie 12 back -- that's the Model C. 13 Q. So you would say is that based on 14 your personal knowledge that these numbers are 15 somehow tied to Interworks product? 16 A. Yes, based on my personal 17 knowledge. 18 Q. Do you know which one? 19 A. No, but it says Model C, it says 20 Smart C, I would assume there is some 21 connection to Model C there. 22 Q. Okay. 23 A. Does that make sense to you? 24 Q. I don't know. I wish I knew. 25 See, that's the beauty of being a lawyer, we</p>
<p>1 there's really nothing in this report showing 2 that -- 3 A. I'll take you at your word. 4 Q. Would you agree with me on that? 5 A. Not really. I will tell you 6 where maybe there's some information that you 7 haven't -- if you look at page 2 of 5 -- 8 Q. 205? 9 A. 2 of 5. 10 Q. Okay. 11 A. The fourth line down, it says 12 confirm items listing this correct and active, 13 UL Model Smart C file E 483, blah, blah, blah, 14 I would imagine that's the model tied to 15 Interworks. 16 Q. Well, hold on. We are talking 17 about page number -- 18 A. 2 out of 5. 19 Q. And then -- 20 A. All the way to the bottom. 21 Q. All the way to the bottom? 22 A. Fourth line down. 23 Q. Okay. The UL 1642 certificate 24 for the lithium battery sales required had not 25 been received?</p>	<p>1 know nothing about what you are doing. 2 A. He knows a lot. He tells me he 3 does. 4 Q. That's what's so great about 5 lawyers, you walk into different case, you 6 start all over again by learning what's 7 happening in that business. 8 Anything else that you can help 9 me with that -- by looking at this report and 10 tell me which one could point to Interworks? 11 A. I think that QVC would have more 12 information. I don't know what would be here. 13 Q. To your recollection, does QVC 14 still have these sample sitting in their 15 warehouse or their office? 16 A. Sorry? 17 Q. With respect to these samples, 18 does QVC still have them? 19 A. You can't ask me that. You need 20 to ask them. How would I know? 21 Q. You may know, but, you know, I'm 22 just asking. 23 A. They are a big place. That's not 24 me. 25 MR. HSU: This one is 16.</p>

(Tebele Exhibit 16, Document bearing Bates stamp Digital gadgets 35, marked for identification.)
Q. 16, there is a short e-mail on top from Eric Lu to Chris Mitchell in December, specifically on December 21, 2016.

It says "Chris, see my comments below in red. I'll give you a call shortly."

In response to Chris Mitchell's e-mail to Eric Lu dated the same day earlier than that, well, yes, a little earlier than 3:04 a.m., was 9:26 a.m. in the morning, here by the way, have you received this e-mail from Chris Mitchell?

A. Did I receive this e-mail from Chris Mitchell?

Q. Right.

Did he subsequently forward it to you?

A. I don't remember.

Q. And says -- Chris Mitchell says here "Eric" starting from the second paragraph "current order QVC isn't going to be able to resolve the lithium battery reissue until next month."

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Q. And discuss our partnership further?

A. Yep.

Q. So you did discuss, meaning your company, did discuss this exclusive agreement with Eric Lu?

A. Yes.

Q. At the trade show, and what was your recollection on Eric Lu's response or anything that he said in Las Vegas -- when you met Eric Lu, did he agree to give that exclusive deal to you guys?

A. There was no doubt that he agreed that as long as we had inventory in place that we remained the exclusive partner. We would never buy somebody else's goods for them to go sell them to the same customer behind our back. The discussion further was we were discussing other accounts to extend the exclusive to.

Q. Did you also at Las Vegas discuss the payment terms such as consignment?

A. It's possible.

Q. But you don't remember sitting here?

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Are you aware of such issue existing in December of 2016?

A. That's a different issue. That's a different lithium battery issue than what we are talking about with the QA.

Q. Right.

And you say is a different issue?

A. It has nothing to do with the QA.

Q. Okay.

And was this around the time when Chris Mitchell was negotiating with Eric on the price terms along with the other terms for the sale of the hoverboards?

A. It appears to be.

Q. And when Chris Mitchell mentioned -- you see down below like one, two, three, four, fourth bullet point, if you look at the second one?

A. Yep.

Q. Received exclusive agreement to supply chip listen board to QVC for 2017 and then Eric's comment is yes, we can put this agreement to you, but let's have our meetings and see it and that's the trade show, right?

A. Yes.

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A. Again, there was a sequence of events and a lot of conversations. I don't know what conversation was at CES versus on the phone, but it was a fluid situation.

(Tebele Exhibit 17, Document bearing Bates stamp Digital Gadgets 80, marked for identification.)

Q. Next one is 17. Have you ever seen this certificate of liability insurance?

A. Possibly.

Q. You see towards the bottom left underneath two words certificate, Digital Gadgets, LLC and that's your company, right?

A. Yes.

Q. On top -- well, it's not very top, it's like ninth or tenth or twelfth line from the top, you see under the insured Interworks Unlimited, Inc.?

A. Yes.

Q. Was printed there, so the insured of this policy was Interworks?

A. Yes.

Q. And your company was made as an additional insured?

A. Yes.

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1 Q. On this certificate?
 2 A. Yes.
 3 Q. Right?
 4 MR. LAZARUS: Yes.
 5 A. **Yes. It says that I'm named as additional insured in the middle of the page 2, third down, certificate of holder's name as additional insured with respect to products as the named insured as their interest may appear, then it says in big bold letters, no coverage extended to hoverboards.**
 6 Q. Right, it does say that.
 7 Do you recall seeing this document any time in 2017?
 8 A. **Yes.**
 9 Q. Around the time of May 9th, like the date?
 10 A. **I don't know the dates specifically, but there was a time when we were made aware there was no coverage, so this may be around that time.**
 11 Q. When you say there is no coverage, you meant on this certificate Digital Gadgets was somehow excluded because the coverage was not made to extend to

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1 Q. You don't recall that?
 2 A. **But this is dated 5/9 and the letter from Tom Carulli is dated 5/19, I think, so around that time there was drama.**
 3 Q. Let me ask you: If you had known -- would there be a difference for Interworks to maintain its policy that covers all the hoverboards that is sold to your company versus your company had to be listed as additional insured on the policy?
 4 A. **It's both.**
 5 Q. Does QVC require that your company carry and maintain liability insurance?
 6 A. **Yes. Products are what dictates the insurance.**
 7 Q. Right.
 8 A. **So even though I'm required to maintain a general amount of insurance by QVC, subset of that, if there are specific products that they require different insurers requirements, higher or different or some kind of -- maybe they have an added risk, they would require an extra layer of protection and I believe the hoverboards are one of those**

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1 hoverboards?
 2 A. **No, Digital Gadgets wasn't excluded. Digital Gadgets is a certificate holder.**
 3 Q. Right and then --
 4 A. **The exclusion was hoverboards.**
 5 **The only thing we bought from Interworks were hoverboards.**
 6 Q. Do you know at the time Interworks had other insurance coverage?
 7 A. **I wouldn't know what Interworks had, but this certificate is the certificate that we would rely upon or certificates other than this like you produced to have me, then look at and ask me if I have seen, if you got a certificate and you bought hoverboards from a company and they gave you a certificate and it says here is your insurance, Mister, but it doesn't apply to hoverboards, that would cause concern.**
 8 Q. You had concern, and after that I think you don't remember if your company had to go out and purchase your own policy until after you received this?
 9 A. **Correct.**

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1 **products.**
 2 Q. Okay.
 3 For the sake of discussion, if you had given Interworks' certificate of insurance to QVC, would they accept it, because they might have realized that while these goods were initially supplied by Interworks --
 4 A. **Say that again.**
 5 Q. At the time or around the time where your company received this notice that there is no coverage extended to hoverboards, and you raised that issue to Interworks, correct?
 6 A. **I'm certain someone raised the issue to Interworks, because it's on the letter from Tom Carulli.**
 7 Q. Right.
 8 Around the time when this became an issue, did you ask for Interworks to forward their liability insurance to your company so you guys can use that to satisfy QV's requirement?
 9 A. **I don't know.**
 10 Q. Do you know at the time, right

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1 around that time May 2017 Interworks had
 2 continuously maintained its liability
 3 insurance?

4 **A. I don't know.**

5 Q. Now, you wouldn't know either if
 6 you had asked for it and Digital Gadgets did
 7 provide that to you would QVC okay on that
 8 policy of Interworks?

9 **A. What's the question?**

10 Q. Let me give you a hypothetical.
 11 Could be a hypothetical, because you don't
 12 have any personal knowledge.

13 Based on the ordinary course of
 14 business, custom and practice adopted in your
 15 company, if Eric Lu had forwarded their
 16 liability insurance coverage that says
 17 Interworks only, if you had forwarded that
 18 coverage to QVC asking them to approve it,
 19 because you are actually selling to QVC --

20 **A. We would need to provide them our
 21 own policy. We would need to be an additional
 22 insured by the vendor or hold the insurance
 23 ourselves.**

24 Q. Okay.

25 **A. That's my understanding of how it**

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1 **A. Yes.**

2 Q. Particular discovery by QVC?

3 **A. Yes.**

4 Q. Okay.

5 Can you tell me what that is?

6 **A. There were -- there was a general
 7 fear in the marketplace around lithium ion
 8 batteries in general, not to do anything with
 9 hoverboards, having to do with hoverboards,
 10 but a greater issue, whereby there were
 11 lithium ion batteries exploding on planes.**

12 Q. Okay.

13 **A. And QVC determined that since
 14 there was a Christmas rush, at a certain date
 15 they stopped selling many items that had heavy
 16 lithium ion batteries in total. They just
 17 froze all the items and would not turn them
 18 back on until they were assured that people
 19 wouldn't ship them on planes. So that means
 20 if UPS -- if you ordered one and said I need
 21 it overnight, they were worried that we were
 22 gonna put it on an UPS truck or another vendor
 23 would put it on an UPS truck, it would explode
 24 and QVC would have the liability because it
 25 was their UPS account number.**

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1 **works.**

2 Q. Okay, that's your understanding
 3 of how it works at QVC?

4 **A. Yes.**

5 **(Tebele Exhibit 18, Document
 6 bearing Bates stamp Digital Gadgets 81
 7 through Digital Gadgets 82, marked for
 8 identification.)**

9 Q. 18 starting from the top shows an
 10 e-mail from Chris Mitchell to Eric and the
 11 subject was Chic, C-H-I-C, 2017 plus Digital
 12 Gadgets. Have you ever seen this e-mail?

13 **A. I don't know.**

14 Q. When you see the -- well, there
 15 are about six bullet points. You see the
 16 first bullet point approaching the midsection
 17 of the page, met with QVC today and they are
 18 finally able to turn high roller boards back
 19 on?

20 **A. Yes.**

21 Q. They figured out the lithium
 22 battery issue with their legal team?

23 **A. Yes.**

24 Q. Do you know what was going on
 25 with respect to this?

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1 Q. Got it.

2 **A. So they froze all of this plus
 3 many, many other items from being sold and by
 4 January 20th, we were able to prove to them
 5 that we had sufficient checks and balances to
 6 make sure that they only go by ground and not
 7 air.**

8 Q. Not by air.

9 **A. And then they turned the unit
 10 back on.**

11 Q. Okay.

12 So basically because of that
 13 issue, there was no overnight delivery by
 14 anybody.

15 **A. Right.**

16 **(Tebele Exhibit 19, Document
 17 bearing Bates stamp Digital Gadgets 264,
 18 marked for identification.)**

19 Q. This 19 is another certificate of
 20 liability insurance that lists Digital Gadgets
 21 as a certificate holder. The date of this
 22 certificate was December 8, 2016; have you
 23 seen this document before?

24 **A. Possibly.**

25 Q. Do you know if Digital Gadgets

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1 submitted this certificate to QVC around the
 2 time Digital Gadgets received this from
 3 Interworks?
 4 **A. What's the question again?**
 5 Q. Do you know if Digital Gadgets
 6 ever submitted this certificate of liability
 7 insurance to QVC ever?
 8 **A. I don't know.**
 9 **(Tebele Exhibit 20, Document**
 10 **bearing Bates stamps Digital Gadgets 244**
 11 **through Digital Gadgets 247, marked for**
 12 **identification.)**
 13 Q. 20 has a number of pages.
 14 These documents were produced by
 15 Digital Gadgets.
 16 If you see the second e-mail from
 17 the top on Digital Gadgets 244, this e-mail
 18 was sent by Chris Mitchell to Eric, presumably
 19 Eric Lu, and you were cc'd on it. Do you see
 20 that?
 21 **A. Yep.**
 22 Q. And Chris Mitchell first said
 23 "Eric understood about wanting the boards
 24 back. We were honoring the consignment backup
 25 agreement per our conversation. But if that's

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1 approved from my factor."
 2 Did Eric Lu write all of these
 3 responses in bold printed form?
 4 **A. I don't know, looks like it.**
 5 Q. And here he was complaining to
 6 you guys that if you had been approved by my
 7 vendor, I would have given this consignment
 8 backup agreement to you guys at the time this
 9 e-mail was sent to them, to Eric Lu, to your
 10 recollection, Interworks' factor never
 11 approved your company on this credit line of
 12 \$1 million, right?
 13 **A. I have no idea. It looks to be**
 14 **he shipped it, bought approval from his factor**
 15 **and maybe he was in trouble or something. I**
 16 **don't know what -- I don't know what -- I**
 17 **don't know what the inner workings between him**
 18 **and his factor are, but we don't have any**
 19 **obligation as Digital Gadgets to satisfy his**
 20 **factor. His factor relationship is between**
 21 **him and his factor.**
 22 Q. If you look down below,
 23 there's -- it seems like there is a
 24 spreadsheet prepared by Chris Mitchell to
 25 Eric Lu. If you can help me go over the

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1 no longer an option for you, we can send back
 2 the remaining boards."
 3 What is the consignment backup
 4 agreement Chris Mitchell was talking about
 5 here, if you know?
 6 **A. Basically, that there were,**
 7 **throughout the negotiations, like I said, it**
 8 **was fluid and what they agreed to was rather**
 9 **than shipping the boards back and forth**
 10 **between Interworks and Digital Gadgets and**
 11 **having them sit in one warehouse or another,**
 12 **since they were only for QVC that we would pay**
 13 **them based on when they were sold. So that's,**
 14 **I mean, call it a consignment agreement, but**
 15 **it's not a very technical term. Consignment**
 16 **agreement would basically mean to me we would**
 17 **pay for the goods per specific agreement as**
 18 **they were sold.**
 19 Q. Okay.
 20 And then the -- see there's some
 21 bold printed lines or words starting from an
 22 arrow pointing to the left, "I have honored
 23 everything" that -- "everything I've said. I
 24 told you guys I would give you
 25 terms/consignment if you guys would get

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1 second page of the document, where you can see
 2 not this page, can you just briefly go to a
 3 second page?
 4 **A. Yes.**
 5 Q. Second page on top to the right,
 6 you see the total received number is 10,608
 7 units?
 8 **A. Yes.**
 9 Q. Is that consistent with your
 10 recollection of how many units of
 11 hoverboards --
 12 **A. I previously answered I'm not**
 13 **sure how many hoverboards were received, but**
 14 **if this e-mail states -- the e-mail stands on**
 15 **its own. The statement is what it is.**
 16 Q. Okay.
 17 But you mention about computer
 18 data and software. If you have to retrieve
 19 this information or spreadsheet from your
 20 computer you would be able to do that, right?
 21 **A. Yes.**
 22 Q. After you received these e-mails
 23 from Chris Mitchell and Eric Lu, did you
 24 remember -- did you remember you had a meeting
 25 or a couple of meetings with Chris Mitchell?

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<p>1 A. Yes.</p> <p>2 Q. And do you remember what was 3 being discussed about issues being raised by 4 these two, three e-mails between Chris 5 Mitchell and Eric Lu, if anything?</p> <p>6 A. Do I remember?</p> <p>7 Q. Do you remember the significance 8 or the important part of the conversation that 9 you had with Chris Mitchell?</p> <p>10 A. I'm sure it was everything that's 11 outlined in this e-mail.</p> <p>12 Q. When this e-mail was sent early 13 March 2017, the battery issues with QVC had 14 not occurred yet?</p> <p>15 A. I don't know when exactly it 16 started occurring, but it doesn't appear to be 17 an issue because it's not mentioned in this 18 e-mail.</p> <p>19 Q. Right.</p> <p>20 It was not mentioned throughout 21 these e-mails, so would that be correct to 22 say --</p> <p>23 A. Would be a reasonable assumption.</p> <p>24 Q. Okay.</p> <p>25 Did you ask Chris Mitchell to go</p>	<p>1 market conditions. It's not a strategy to 2 renegotiate. We work with our vendors in 3 partnership to maximize sales based on the 4 market conditions.</p> <p>5 Q. You understand this term 6 consignment, right?</p> <p>7 A. Yes.</p> <p>8 Q. And ordinarily when -- in a 9 consignment situation the seller retains title 10 to the goods and the buyer doesn't have it 11 until the goods are sold and the title passed 12 to the buyer and then to the ultimate end user 13 or ultimate buyer?</p> <p>14 A. From a legal standpoint that may 15 be the definition.</p> <p>16 Q. Right.</p> <p>17 And what's your understanding of 18 that term in the business world?</p> <p>19 A. From a practical standpoint to us 20 means we pay as we sell them. Who holds title 21 is a separate and maybe legal type of 22 agreement around title, which would be 23 clarified by title, but if they were invoices, 24 then they wouldn't be invoiced to us, so if 25 they were invoiced to us, then title to us,</p>
<p>Page 130</p> <p>1 back to Eric Lu to further negotiate on the 2 price after March 3, 2017?</p> <p>3 A. I don't recall anything specific 4 on the price. I think that these negotiations 5 have multiple components and price being one 6 of them, but I don't know -- I don't know if 7 this specific direction was to negotiate on 8 price, but all in all we would have to get 9 terms and conditions satisfactory for us to 10 move forward.</p> <p>11 Q. Okay.</p> <p>12 You do recall that we had gone 13 through a proposal, at least one proposal made 14 by Chris Mitchell to Eric Lu about taking 15 50 percent of inventory at one price; will you 16 consider that would be an attempt to negotiate 17 price with Interworks on the part of Digital 18 Gadgets?</p> <p>19 A. No.</p> <p>20 Q. Will you consider that was a 21 business strategy adopted by Digital Gadgets 22 because Digital Gadgets was unable to sell the 23 remaining inventory which at the time was 24 about 5,000 plus?</p> <p>25 A. No, it was probably dictated by</p>	<p>Page 132</p> <p>1 meaning Digital Gadgets, that means title 2 passed to Digital Gadgets. If there was a 3 consignment agreement for title, that would be 4 a legal description of consignment. The 5 business description of consignment which kind 6 of means we pay when we sell.</p> <p>7 Q. You pay when you sell and then 8 when you are unable to sell, you would be able 9 to return them to the seller?</p> <p>10 A. It would be all covered under 11 whatever the agreement would be. Some vendors 12 tell us to throw them away, some vendors tell 13 them to give them back.</p> <p>14 MR. HSU: Just pretty much gone 15 through what I wanted to talk about 16 today. Let me just -- let's get off the 17 record. I wanna make sure I have 18 everything that I want to cover today. 19 (Recess taken.)</p> <p>20 MR. HSU: During the recess, I 21 have discussed with Mr. Lazarus, it's a 22 little hard to pronounce your name, I'll 23 do my best to try to do it correctly 24 next time, Mr. Lazarus, and I discussed 25 and agree that the stipulation that I</p>

made with Mr. Louzon yesterday will be also applicable 100 percent to today's deposition transcript. You want me to recite the terms, everything?

MR. LOUZON: No.

MR. HSU: I have recited every little and big term of the stipulation to Mr. Lazarus and he agreed that he will stipulate to the proposed handling of the deposition transcript as I stipulated with Mr. Louzon yesterday.

So stipulated?

MR. LAZARUS: Yes.

MR. HSU: We are done.

(Time noted: 1:57 p.m.)

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I N D E X

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A C K N O W L E D G M E N T

STATE OF NEW YORK)
COUNTY OF)

I, CHARLES TEBELE, hereby certify that I have read the transcript of my testimony taken under oath in my deposition of August 21, 2018, that the transcript is a true, complete and correct record of my testimony, and that the answers on the record as given by me are true and correct.

CHARLES TEBELE

Signed and subscribed to before me, this _____ day of _____, 2018.

Notary Public, State of New York _____

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18	Document bearing Bates stamp	
18	Digital Gadgets 81 through Digital	123
19	Gadgets 82	
19	Document bearing Bates stamp	125
20	Digital Gadgets 264	
20	Document bearing Bates stamps	126
20	Digital Gadgets 244 through Digital	
20	Gadgets 247	
INFORMATION REQUESTED		
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INFORMATION TO BE FURNISHED		
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<p>1 CERTIFICATE 2 STATE OF NEW YORK) 3 COUNTY OF SUFFOLK) 4 5 I, CINDY A. AFANADOR, a Notary 6 Public within and for the State of 7 New York, do hereby certify: 8 That CHARLES TEBELE, the witness 9 whose deposition is hereinbefore set 10 forth, was duly sworn by me and that such 11 deposition is a true record of the 12 testimony given by such witness. 13 I further certify that I am not 14 related to any of the parties to this 15 action by blood or marriage; and that I 16 am in no way interested in the outcome 17 of this matter. 18 IN WITNESS WHEREOF, I have 19 hereunto set my hand this 27th day of 20 August, 2018. 21 22 ----- 23 CINDY A. AFANADOR 24 25</p>	
---	--

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STATE OF NEW YORK
COUNTY OF SUFFOLK

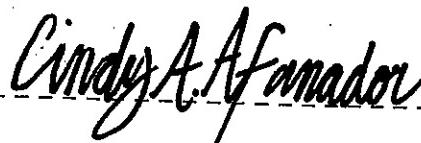
C E R T I F I C A T E
)
) ss.:
)

I, CINDY A. AFANADOR, a Notary
Public within and for the State of
New York, do hereby certify:

That CHARLES TEBELE, the witness
whose deposition is hereinbefore set
forth, was duly sworn by me and that such
deposition is a true record of the
testimony given by such witness.

I further certify that I am not
related to any of the parties to this
action by blood or marriage; and that I
am in no way interested in the outcome
of this matter.

IN WITNESS WHEREOF, I have
hereunto set my hand this 27th day of
August, 2018.



CINDY A. AFANADOR

EXHIBIT 11

**TO BE FILED
UNDER SEAL**

EXHIBIT 12

Jared Louzon

From: Eric <Eric@interworks-usa.com>
Sent: Wednesday, May 10, 2017 12:11 PM
To: Chris Mitchell
Cc: 'Tony Tu'
Subject: FW: Fw: High Roller Model C Lithium Form
Attachments: HY Lithium Battery Form Final for QVC.XLS

Hi Chirs,

Please see attached battery form.

Thanks!

Eric

From: naya
Sent: Wednesday, May 10, 2017 8:31 AM
To: eric <eric@interworks-usa.com>; tony <tony@interworks-usa.com>
Cc: luying <luying@chicrobo.com>
Subject: Re: Fw: High Roller Model C Lithium Form

Dear Eric&Tony,

Pls check the attached battery form for the following battery, thx:



Pls let me know if any question , thx



Best regards

Naya

Lithium Battery Information Form

Vendor Name:

Battery mfg / supplier name:

QVC Item number:
(i.e. E123456) Battery part #:
(i.e.: CR2032)

Vendor sku: UL File #:

Battery / Cell type

Ion / Polymer (Secondary / Rechargeable):

Metal / Alloy (Primary / Non-rechargeable):

Is it a Button cell battery?:

Cell Information

Total quantity of cells in this product:

Equivalent lithium content per cell (Metal ONLY): grams

Watt Hour rating per cell (Ion ONLY): WH

Capacity: mAh Volts:

Battery Information (batteries composed of more than one cell)

Total quantity of batteries in this product:

Equivalent lithium content per battery (Metal ONLY): grams

Watt Hour rating per battery (Ion ONLY): WH

Capacity: mAh Volts:

Digital Gadgets 290

EXHIBIT 13

Jared Louzon

From: Chris Mitchell
Sent: Monday, May 15, 2017 11:50 AM
To: Eric@interworks-usa.com
Cc: tony@interworks-usa.com
Subject: Fwd: High Roller Model C Lithium Form- QVC QA sample required
Attachments: image001.png; ATT00001.htm; image001.png; ATT00002.htm; UL-1642-NofA-13CA52863-Dec-06-2013.pdf; ATT00003.htm; BC mark SHES161000905901.pdf; ATT00004.htm; UL certificate (1).pdf; ATT00005.htm; Lithium Battery Form_High Roller Model C.XLSX; ATT00006.htm

Hey guys, see below. As I mentioned we need to submit a new QA and now they are treating this as a new submission given the issues with the docs you sent over previously...

Disaster.

Do you have all this at the ready with a clean sample you can send us to confirm it matches these forms you provide?

Thank you,
Chris

Begin forwarded message:

From: Paulette Brown <pbrown@digitalgadgets.com>
Date: May 15, 2017 at 11:36:10 PM GMT+8
To: Chris Mitchell <cmitchell@techpointproducts.com>
Cc: Jill Pierson <jpierson@digitalgadgets.com>, Gillian Yip ELF <gyip@elfwarehouse.com>, Charlie Tebele <CHARLIE@digitalgadgets.com>
Subject: FW: High Roller Model C Lithium Form- QVC QA sample required

Hi Chris

Below email from Rafiq outlines what we are required to submit with the new live sample we are preparing to send out

Please send us back a clean email with feedback and attachments that should be sent with the sample

(I've attached all of the forms that Jill has on file for the item- so please confirm these are good or supply updated)

Thanks much
Paulette

From: Rafiq Zabrani [<mailto:Rafiq.Zabrani@qvc.com>]
Sent: Monday, May 15, 2017 10:58 AM
To: Cheryl Baiocchi <Cheryl.Baiocchi@qvc.com>; Paulette Brown <pbrown@digitalgadgets.com>; Gabrielle Ceritano <Gabrielle.Ceritano@qvc.com>; Dennis Dangelo <dennis@raecs.com>; Jill Pierson <jpierson@digitalgadgets.com>; John R. Teter <John.R.Teter@qvc.com>; Mark Shaeffer

Cc: Meghan Kane <Meghan.Kane@qvc.com>; Mark Shaeffer <Mark.R.Shaeffer@qvc.com>

Subject: RE: T35011 new sample needed

Paulette,

The original unit had too many complications with paper work, unit model was changed at last minutes and too many non-related documents sent to QA. Much of the information we have seen for this new unit does not match with the old unit. So we can no longer call this similar to last unit from QA's perspective.

Please treat this hoverboard as a brand new unit to QA. Below are the QA requirements for hoverboard.

- Current hoverboard requirements are:
 - UL2272 listed hoverboard with complete UL report. Hoverboards only listed directly by UL will be accepted by QVC. Must have UL Holographic logo.
 - UL Listed battery charger (we will need UL file number information for battery charger).
 - UL listed lithium battery (we will need UL file number information for lithium battery).
 - UN for 38.3 (we will need UN38.3 report for lithium battery).
 - Lithium battery form.
 - Battery disposal instructions in manual.
 - If age graded, appropriate toy or children product testing.
 - Must have third party testing for weight claim.
 - All testing related to claims including, run time, travel distance, charging time etc.
 - Any claims of additional product safety must accompany a third party design review to be mentioned on air after QA verification.

From: Jill Pierson

Sent: Friday, May 12, 2017 5:30 PM

To: Paulette Brown <pbrown@digitalgadgets.com>; Chris Mitchell <cmitchell@techpointproducts.com>; Gillian Yip ELF <gyip@elfwarehouse.com>

Cc: Charlie Tebele <CHARLIE@digitalgadgets.com>

Subject: RE: High Roller Model C Lithium Form- QVC QA sample required

Chris,

Please see the attached documents that I have from previous emails. Please review and verify with the vendor.

Regards,

Jill Pierson

EXHIBIT 14

Jared Louzon

From: Chris Mitchell
Sent: Wednesday, June 07, 2017 4:42 PM
To: Eric
Subject: RE: Digital Gadget.xlsx
Attachments: QVC_QA_Eval_Report_T35011_011_000_6152017-1_OF_1.html

Eric,

That's like saying b/c QVC ordered a 16GB iPad and we shipped an 8GB iPad, that they should be mad at Apple...maybe Chic did screw you, I don't know. But you're the seller, we're the customer and as such, have / had an expectation of specifications of the ordered products being met...Clearly the docs we submitted that you provided to us weren't the documents you sent to QVC as they kept saying that they didn't match. Here's the QVC QA report when we actually sent in a physical unit b/c after so much back & forth with the docs, they required it – one of the fail points is that even the Poly Bag isn't the right thickness! Unreal.

What about the insurance? What's the update?

Best,
Chris

From: Eric [mailto:Eric@interworks-usa.com]
Sent: Tuesday, June 06, 2017 6:21 PM
To: Chris Mitchell <cmitchell@techpointproducts.com>
Subject: RE: Digital Gadget.xlsx

Chris,

This is a CHIC issue...all QA submission for QVC are provided from CHIC to interworks...we are not the manufacture. So the best thing to do is get all the boards back and return back to CHIC. I will issue an RA tomorrow. I could only provide you with the documents that I have which are provided from CHIC...and those are the documents that I provided to you, and what they've gave me is also what I have provided to QVC the first time around. If there's QA submission issues please send me the reports and I can have CHIC provide the documents to me.

I think its best to again return the goods and if you want to continue with Hoverboards then we order a new batch of products and start from scratch. Why and how the packaging has changed, that's above and beyond me.

I don't think we need to have further relationship if Charlie is resourcing to the lawyer...as I am trying to clean up the issue CHIC has caused...tell him to sue CHIC.

Eric

From: Chris Mitchell [mailto:cmitchell@techpointproducts.com]
Sent: Tuesday, June 06, 2017 2:54 PM
To: Eric <Eric@interworks-usa.com>
Subject: RE: Digital Gadget.xlsx

Hey Eric,

I just got killed. Had a convo with Charlie and then he got our lawyer.

I can't do anything until I get this QA and Insurance issues fixed. We don't have insurance on the boards and now there is a litany of QA issues given that the board we got from our CA warehouse (that you sent us) and was sent into QVC b/c you couldn't get us the right QA docs, don't match the first QA submission. They opened it all up and NONE of it matches with what you guys sent originally. Not only is the battery different, but the physical Age Grade of the Product is different too! This says 12+ but QVC is saying you were originally instructed to say 14+...12+ requires kids testing...disaster.

We have formally opened an investigation at our CA warehouse to audit the boards we have on-hand and do an inventory against what QVC says should be the right boards. This is assuming we can maintain our relationship with QVC and not get charged back for all the boards already sold b/c who the hell knows what we've actually been selling.

Not going to be able to get on a call tonight.

Please advise about the COI that you were supposed to get as of 5/26 and how you advise we fix this QA issue.

Regards,
Chris

From: Eric [<mailto:Eric@interworks-usa.com>]
Sent: Monday, June 05, 2017 7:59 PM
To: Chris Mitchell <cmitchell@techpointproducts.com>
Subject: FW: Digital Gadget.xlsx

Chris,

Please see attached balance owe...I need to finalize this balance tomorrow, whether you wants the Models C or I need to pick them up and move them elsewhere...then we just reconcile everything that you've sold.

Thanks!

Eric

From: Priscilla Murillo [<mailto:priscilla@interworks-usa.com>]
Sent: Monday, June 05, 2017 3:23 PM
To: eric@interworks-usa.com
Subject: Digital Gadget.xlsx

EXHIBIT 15

Jared Louzon

From: Meghan Kane <Meghan.Kane@qvc.com>
Sent: Friday, June 30, 2017 11:12 AM
To: Paulette Brown; Dennis Dangelo (dennis@raecs.com); Chris Mitchell; Jill Pierson
Cc: Cheryl Baiocchi; Gabrielle Ceritano
Subject: Model C QA

Importance: High

Hi All

Still a lot of back and forth regarding the QA for T35011- the model C hoverboard we are/were trying to bring in for July. The following is still needed:

- 1) New QA sample- please confirm this sample will come from your CA warehouse stock and not just a sample you have in the office
- 2) Heavier poly bag over the hoverboard- at least 1.5mil thick
- 3) Claims substantiation for- charging time, no overcharging, max speed, weight capacity and range
- 4) Warranty needs to meet FTC Requirements
 - a. For warranties, we will need these following (5) FTC requirements addressed: **(1) What does the warranty cover/not cover ** (2) What is the coverage period ** (3) What will you do to correct the problems. This requires an explanation of the remedy vendor offers under the warranty. This could be repair or replacement of product, a refund of the purchase price, or a credit ** (4) How can customer get warranty service: This includes Name of Company, address, toll free telephone number, and contact local or regional service center **(5) How will the state law affect your customer' rights under the warranty. Also should include the following statement: This warranty gives you specific legal rights and you may also have other rights which vary from state to state.
- 5) New Lithium battery form
- 6) UL and UN certificates
- 7) Toy testing

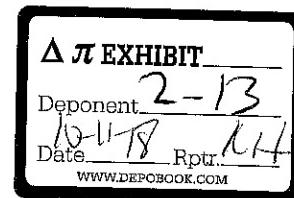
I do want to note that I know a lot of this information is info needed from Interworks as that is who you bought this inventory from. We have personally reached out to Interworks to help assist with getting this info and they informed us there is an outstanding invoice with DG which is why they are not sending the paperwork to clear up QA. With all this said, QVC is stuck in the middle. We want to work with you guys but it will be challenging to get all this info without Interworks assistance. Please work with your partners at Interworks to clear up whatever the issues are so we can move forward

Have a nice weekend!

Thank you

Meghan Kane
Buyer- Mattress, Toys, Furniture, Home Decor
P: 484-701-8539
F: 484-701-8277

EXHIBIT 15



REDACTED

EXHIBIT 16

**TO BE FILED
UNDER SEAL**

EXHIBIT 17

Jared Louzon

From: Eric Lu <eric@interworks-usa.com>
Sent: Wednesday, March 01, 2017 3:06 PM
To: Bright Asamoah
Cc: Charlie Tebele; Priscilla Murillo; Chris Mitchell; Michael Kidakarn
Subject: Re: Invoices past due

Bright / Charlie,

I gave you guys 60days on the lower cost which I have to carry the AR and if you're going to paid 99k, that is not acceptable, I could have sold those inventory to other accounts. Janet had requested that I work with you guy and in good faith, I gave you QVC and Zulllilly...I have tried to work with you guys, but I feel like I'm getting the short end of the stick...

Please ship all goods back to me...as I cannot tie up my funds and wait for weekly reports/payments.

I need to know how many units you have now and I will have my team schedule the pick up immediately.

Eric

Sent from my iPhone

On Mar 1, 2017, at 11:19 AM, Bright Asamoah <basamoah@elfwarehouse.com> wrote:

Priscilla/Eric

Below is a break of what is being paid today.

<image007.png>

Of the 3,187 units from the first batch, DG paid 3,000units – which will be left with 187unis to be paid.

However, we did get some returns from the sales of 77units.

So far, DG has sold 3,678units of the inventory.

<image008.png>

Please note...we will be sending a weekly sales report and a corresponding wire for the units sold starting next week....

From: Eric Lu [<mailto:eric@interworks-usa.com>]
Sent: Wednesday, March 01, 2017 4:06 AM
To: 'Charlie Tebele'; 'Priscilla Murillo'; Bright Asamoah
Subject: RE: Invoices past due

EXHIBIT 18

**TO BE FILED
UNDER SEAL**

EXHIBIT 19

Q V C Q A S a m p l e E v a l u a t i o n R e p o r t

Tracking Number:	SKU:	Description:	
201705010636	T35011 011-000	High Roller Self Balancing Hoverboard with	
Templated Item:	Submission Number:	Color/Size Desc:	
Yes	4	Blue NA	
Current Location:	Sample Type Desc:	Drop Ship Ind:	MultiBox:
Trash	Documentation		No
Sample Evaluator:	Pit Due Date:	Sample Eval Due Date:	Requested Due Date:
John R Teter	05/01/2017	05/01/2017	05/01/2017
Buyer Code:	Buyer Name:	Country of Origin:	Disposition:
121	MEGHAN KANE	Not Available	REJECT
Vendor Code:	Vendor Name:		Vendor Part Nbr:
CX82-0000	DIGITAL GADGETS LLC		HR
Last Activity Date/Time:		Record Last Updated By:	
05/08/2017 01:58:48 PM		John R Teter	
Sample Needed by Product Central:		Ship Method:	Post QA Disposition:
No		Not Available	Not Applicable
Buyer Comments:			
Updated Lithium form			

SKN-Level Descriptive Product Information

PackSlip Description: (SKN-Level Descriptive Product Information)	SubTitle:
High Roller Self Balancing Hoverboard with	Carrying Bag
Dubner/Product Box:	
High Roller	Self Balancing
Enterprise Long Description:	
The High Roller portable transportation solution is ideal for getting around the park, campus and even the office. Easy and safe to use. Charging time: 2-3 hours. No overcharging. Max speed: 5MPH. Weight Capacity: 220lbs. Range: 6-8 miles. Battery: Lithium ion. Measures approx: 7"H x 23-1/2"W x 7-1/2)L. Weight: 23lbs. UL Listed. Color choice. LMW. Ages 14+. Includes hover board carrying bag. Imported.	

Test

Test Result	Test Description	Test Comments
FAIL	4 General Electrical Requirements Test	5/8/17 JT - Battery form submitted 5/1 notes a battery part# and UL file# different from a previous model, therefore, it cannot be used as a "transfer". Document on "hold" until more details are provided. ***UPDATE*** 5/8/17 JT - new document submitted. This form is voided.
NA	Sample Evaluator	Processed by John Teter. (484) 701-8441. EMAIL: jteter@qvc.com

Samples for this Item

Tracking Number	SKU	Current Location	Sample Type Desc
201705080374	T35011 011 000	Documents received into QA	Documentation

EXHIBIT 20

Q V C Q A S a m p l e E v a l u a t i o n R e p o r t

Tracking Number:	SKU:	Description:			
201706020066	T35011 011-000	High Roller Self Balancing Hoverboard with			
Templated Item:	Submission Number:	Color/Size Desc:			
Yes	5	Blue NA			
Current Location:	Sample Type Desc:	Drop Ship Ind:	MultiBox:		
Michael Zelinski's desk	QVC Product Sample	N	No		
Sample Evaluator:	Pit Due Date:	Sample Eval Due Date:	Requested Due Date:		
Mike Zelinski	06/05/2017	06/15/2017	06/02/2017		
Buyer Code:	Buyer Name:	Country of Origin:	Disposition:		
121	MEGHAN KANE	CHINA	REJECT		
Vendor Code:	Vendor Name:	Vendor Part Nbr:			
CX82-0000	DIGITAL GADGETS LLC	HR			
Last Activity Date/Time:	Record Last Updated By:				
06/02/2017 03:56:37 PM	Mike Zelinski				
Sample Needed by Product Central:	Ship Method:	Post QA Disposition:			
No	Not Available	Product Central			
Buyer Comments:	Please refer to Rafiq for testing requirements				

SKN-Level Descriptive Product Information

PackSlip Description: (SKN-Level Descriptive Product Information)	Subtitle:
High Roller Self Balancing Hoverboard with	Carrying Bag
Dubner/Product Box:	
High Roller	Self Balancing
Hoverboard	with
Enterprise Long Description:	
The High Roller portable transportation solution is ideal for getting around the park, campus and even the office. Easy and safe to use. Charging time: 2-3hours. No overcharging. Max speed: 5MPH. Weight Capacity: 220lbs. Range: 6-8 miles. Battery: Lithium ion. Measures approx: 7"H x 23-1/2"W x 7-1/2"L. Weight: 23lbs. UL Listed. Color choice. LMW. Ages 14+. Includes hover board carrying bag. Imported.	

Test

Test Result	Test Description	Test Comments
PASS	*Vendor Risk Level	This vendor has not been assigned a risk level.
PASS	1 Descriptive Product Information	The QVC Packslip, Dubner/Product Box and Long Descriptions were reviewed, edited and released by QA for QVC Merchant approval. QVC MERCHANT: Please review and approve in IBM (POMS) or notify QA of any needed changes. VENDOR: Any goods shipped to QVC Distribution Centers (or directly to customers in the case of drop-shipped merchandise) must match the QVC Long Description. If there are ANY discrepancies or changes, advise QVC QA before shipping goods. SKN : T35011 PACK SLIP: High Roller Self Balancing Hoverboard with_____ SUBTITLE : Carrying Bag____ DUBNER: High Roller____ Self Balancing____ Hoverboard____ with_____ LONG DESCRIPTION The High Roller portable transportation solution is ideal for getting_____ around the park, campus and even the office. Easy and safe to use._____ Charging time: 2-3hours. No overcharging. Max speed: 5MPH. Weight____ Capacity: 220lbs. Range: 6-8 miles. Battery: Lithium ion. Measures____ approx: 7"H x 23-1/2"W x 7-1/2"L. Weight: 23lbs. UL Listed. Color____ choice. 90day LMW. Ages 12 . Incl: hover board carrying bag. Imported.
PASS	1 Internal Packaging	No issues were found with the internal packaging of the item. It is acceptable. Brown corrugate shipper, retail box, eps foam, white corrugate box, polybags. MZE 6.2.17
FAIL	1 Polybag and Film Requirements	Audited against a "toy" item - The REJECTED 1st piece QA sample did not meet the poly bag and/or film specification for a toy item. Toy products using a poly bag and/or film do not require a suffocation warning label. However, if a poly bag and/or film is used with a toy item points 1 or 2 below must be met. 1. Actual wall thickness must be at least 1.5 mils (1.5/1000 inches) thick. 2. Alternatively, sheeting with a thickness of less than 1.5 mils (1.5/1000 in) shall be perforated with defined holes so that a minimum of 1% of the area has been removed over any area of 1.18 X 1.18in.
PASS	2 Country of Origin	The Country of Origin was marked or labeled on the product and/or the packaging, is in the QVC Long Description, and is acceptable. China. MZE 6.2.17

NA	3 Bouncebacks	No Comments Noted
FAIL	3 Claims Substantiation	VENDOR: QA must receive documentation to substantiate specific claims made regarding the product. Please send all claims documentation to QVCQAHardgoods@qvc.com. Charging time: 2-3hours. No overcharging. Max speed: 5MPH. Weight Capacity: 220lbs. Range: 6-8 miles. MZE 6.2.17
PASS	3 Liability Insurance Policy	The product category of this item requires a minimum of five million US dollars (\$5,000,000) liability insurance coverage. A Certificate of Insurance ("COI") must be on file with QVC. The "COI" must evidence at least this amount of general liability insurance coverage (per occurrence and in the aggregate) and name QVC, Inc as "Additional Insured". The vendor is required to maintain general liability coverage for the life of the merchandise. The coverage must include full product liability, advertising injury, naming QVC, Inc as an Additional Insured, and issued by an insurance carrier rated "A" or better by A.M. Best. The vendor must also notify QVC within thirty (30) days of the cancellation of such policies and provide a new COI. RENEWALS of the COI should be sent to the following address: QVC, Inc. Mail Code 206, 1200 Wilson Drive, West Chester, PA 19380-4262, or faxed to 484-701-1380. If you have questions concerning the insurance requirements, please contact your insurance broker, or contact QVCs Insurance Administrator, Patti Forti, at 484-701-6715. A copy of the Certificate of Insurance is on file, and apparently complies with all QVC requirements. If there are any issues with the liability insurance, then the vendor will be contacted by QVCs Insurance Administrator.
FAIL	3 Limited Manufacturers Warranty	The sample includes a limited manufacturers warranty which was reviewed and determined to be unacceptable. VENDOR: QA must receive a copy the proposed LMW for review. Please submit documents electronically when available. Item includes a 90 day limited manufacturers warranty. For warranties, we will need these following (5) FTC requirements addressed: **(1) What does the warranty cover/not cover ** (2) What is the coverage period ** (3) What will you do to correct the problems. This requires an explanation of the remedy vendor offers under the warranty. This could be repair or replacement of product, a refund of the purchase price, or a credit ** (4) How can customer get warranty service: This includes Name of Company, address, toll free telephone number, and contact local or regional service center **(5) How will the state law affect your customer' rights underthe warranty. Also should include the following statement: This warranty gives you specific legal rights and you may also have other rights which vary from state to state.
PASS	4 Battery Identification	includes lithium ion batteries / cells
CONDITIONAL	4 Battery Packaging	No Comments Noted
FAIL	4 General Electrical Requirements Test	The UL 1642 certificate for the lithium battery / cell is required and has not been received. Please submit to "qvcqahardgoods@qvc.com" and copy your buyer. The UN certificate for the lithium battery / cell is required and has not been received. Please submit to "qvcqahardgoods@qvc.com" and copy your buyer. A "Lithium Battery Information Form" is required to be submitted. Please submit the completed document to "qvcqahardgoods@qvc.com" and copy your buyer. Confirmed item's listing is correct and active. Thank you! UL Model SMART-C file E483017, UL adapter Model SPS-T844202000-C8 file E307126 verified online. MZE 6.2.17 Batteries included with the item were found acceptable when tested in the unit.
NA	4 General Regulatory Compliance	No Comments Noted
FAIL	4 Regulatory Compliance/ASTM	Item is properly labeled with required age grading The toy/batch testing report is currently not available. The product will remain in "HOLD" status for eight (8) weeks. If a report is not received within that time, the item will be disposition as "reject" until an acceptable report is received.
NA	5 Assembly	No Comments Noted
PASS	6 Workmanship, Materials and Components	The workmanship and materials are acceptable. All required components were included with the sample.
PASS	7 Function Test	The users guide/use instructions sheet included with the sample is acceptable. The sample was not actually function tested as it is a Virtual Sample or it cannot be fully tested.
NA	CPSIA Certification of Conformity	No Comments Noted
PASS	Check Vendor-Level Comments	Vendor-level Comments in the IBM System were checked.
NA	Induction Seal Test	No Comments Noted

NA	M1 SDS Requirements	No Comments Noted #1970
NA	M2 Hazardous Materials Transportation Markings	No Comments Noted
NA	M2 Hazmat Category	No Comments Noted
NA	M3 VOC Regulated Items	No Comments Noted
PASS	P1 Carton Packaging Graphics Classification	No Comments Noted
PASS	P1 Carton Sealing (Does Not Imply OK/not-OK)	This package is sealed with 2" packaging tape down the opening of the carton seam. Carton was sealed with clear 2" packaging tape.
PASS	P1 Packaging Description	Product was submitted in plain kraft packaging (corrugate or chipboard). Doublewall corrugate box was submitted. The corrugated container possessed a Box Maker's Certificate that stated that the box has a minimum Edge Crush Test (ECT) of 48 pounds.
PASS	P2 Package Testing Reqd? Does not imply pkg is OK.	The packaging evaluation was completed by John Conrad. Should you have any questions, please contact him at john.b.conrad@qvc.com or 484-701-8694 Please note this sample is from a package tier 1 vendor. 6/2/17 JBC: Lithium Battery. Not drop tested.
NA	P2 QVC Bar Coding Requirements	Bar code labels and/or QVC specific carton markings on a 1st piece product sample or TOP (Top of Production) are NOT reviewed, approved or commented on by QA as part of the evaluation report. Vendors should order all QVC bar code labels from an approved label supplier - Verified Label & Print (800)764-6110 or FineLine Technologies (800) 500-8687. Please review QVC QA Packaging & Labeling Guidelines All Commodities. Please contact your Supplier Relationship Manager with questions.
PASS	PITSTOP	No Comments Noted
NA	Q Compression Test	No Comments Noted
NA	Q Drop Test	The QVC Drop Test is not required for this sample. No package testing is required at PSFGA or DC inspection.
PASS	Q Initial Packaging Evaluation	NOTES ON MASTER CARTONS: QVC does NOT require master cartons for all hardgoods items. (For more details, see QVC QA Packaging & Labeling Guidelines All Commodities.) A master carton MUST contain at least four (4) saleable units. A master carton for hardgoods cannot exceed 40" L x 24" W x 24" H (102 cm x 61 cm x 61 cm) in outer dimensions, or 40 pounds (18 kg) in weight. Any questions regarding master cartons can be emailed to Packaging@qvc.com. Failure to comply with these requirements may result in the rejection of PO receipts and/or a QVC Vendor Chargeback.
NA	Q Multi-Box Samples	No Comments Noted
NA	Q Vibration Test	No Comments Noted
PASS	Sample Type	Physical Sample was received.
PASS	Z "System Test" that Enables Capture of Pkg Info	No Comments Noted
PASS	ZZ Digital Images	Digital images have been taken of the sample and downloaded into the digital storage section of QUEST.
PASS	ZZ Hots processing	Sample processed as a HOT per request.
FAIL	ZZ Next Actions Required	The sample is Rejected pending the receipt of satisfactory information and/or documentation as requested. Submit a New Physical Sample for review along with all requested information to address all product failures.

Packaging Attributes

Vendor Packaging:	Vendor Box Type:
Corrugated Container	0201 - Regular Slotted Container (RSC)
Carton Package Graphics Classification:	
O - N/A	
Rigidity:	Straps:
Rigid	No
Conveyable:	Sortable:
Yes	Yes
Divertable:	Straps Permitted:
No	No

Pack Recipe

Outer Mailer (OM):	Packaged-Product Weight:
VENDOR CARTON - VA - Automation-Ready VC	28 lbs, 5.6 oz.

Presentation Case (PC):	#.9741	Ship-to-Customer Product Weight:
None - NONE	28 lbs, 6.256 oz.	
Certificate (CT):		Packaged-Product Dimensions (L x W x H):
NA - NONE	25.8 x 10.8 x 10.7 inches	
Special Instructions (SI):		Length + Girth:
NA - None	68.8 inches	
Stand-up Tag (ST):		Dimensional Weight:
NA - None	17 lbs.	
Pouch (P):		Ship-to-Customer Packaged-Product Dimensions:
NA - None	25.8 x 10.8 x 10.7 inches	
Hazmat/Oversize:		
N		
CoShip Information		
Boxes Per Item:		Max Items Per Box:
1	5	
Co-Ship Code:		Ship With:
2 - Ship With Other Items	X	
Co-Ship Family Group:		Orientation:
555 - Hardgoods	X	
Co-Ship Commodity Group:		Fragility:
555 - All Hardgoods	0	
Gift Wrap		
Gift Wrap Eligible:		Gift Box Required:
E - INELIGIBLE - ITEM OVERSIZE	N	Gift Box:
Gift Wrap Recipe:		Gift Wrap Ship Weight:
NA	0 (Lbs.) 0 (Ozs.)	NGB - No Gift Box Required
BarCode Information		
Bar Code Present:		Bar Code Symbology:
No	Pending	
Bar Code Content:		Bar Code ANSI Readability Score:
Not Applicable	Not Applicable	
Bar Code Human Readable Text:		
X		
Digital Documents and Images		
File Name	File Type	File Comment
T35011-Fisrt_Sample_6.2.17.pdf	Images of Product Itself	Images of Product
T35011_Box1.jpg	Images of Packaging	Box1
T35011_Box2.jpg	Images of Packaging	Box2
T35011_Box3.jpg	Images of Packaging	Box3
T35011_Box4.jpg	Images of Packaging	Box4
T35011_Box5.jpg	Images of Packaging	Box5
T35011_Box6.jpg	Images of Packaging	Box6
T35011_HOLOGRAPHIC.jpg	Miscellaneous Digital Documents and Images	Holographic Logo
T35011_UL_LABEL.jpg	Miscellaneous Digital Documents and Images	UL Label - Adapter

EXHIBIT 21

Jared Louzon

From: Chris Mitchell
Sent: Monday, June 19, 2017 4:34 PM
To: Eric
Subject: RE: QA Eval for T35098
Attachments: QVC_QA_Eval_Report_T35011_011_000_6152017-1_OF_1.html; 88170810102R2 CHIC.PDF; Lithium Battery Form_High Roller Model C.XLSX
Importance: High

Eric,

Got off the phone with QVC QA. Everything below refers to your Model S. I got the CPSIA testing handled based on your attachment (thank you).

However, we still need all the documentation for the CLAIM SUBSTANTIATION that matches the Lithium Battery Docs you provided us – reattached again here.

Also, what are you going to do about the below two items?

Do you have new samples of the Poly Bag and Warranty Card Details you'll be submitting?? Need these overnighted to us tonight in NJ:

- ATTN: Jill Pierson
21 Englehard Drive
Monroe Township, NJ 08831

FAIL	3 Limited Manufacturers Warranty	<p>The sample includes a limited manufacturers warranty which was reviewed and determined to be unacceptable. VENDOR: QA must receive a copy the proposed LMW for review. Please submit documents electronically when available.</p> <p>Item includes a 90 day limited manufacturers warranty.</p> <p>For warranties, we will need these following (5) FTC requirements addressed: **(1) What does the warranty cover/not cover ** (2) What is the coverage period ** (3) What will you do to correct the problems. This requires an explanation of the remedy vendor offers under the warranty. This could be repair or replacement of product, a refund of the purchase price, or a credit ** (4) How can customer get warranty service: This includes Name of Company, address, toll free telephone number, and contact local or regional service center **(5) How will the state law affect your customer's rights under the warranty. Also should include the following statement: This warranty gives you specific legal rights and you may also have other rights which vary from state to state.</p>
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FAIL	1 Polybag and Film Requirements	Audited against a "toy" item - The REJECTED 1st piece QA sample did not meet the poly bag and/or film specification for a toy item. Toy products using a poly bag and/or film do not require a suffocation warning label. However, if a poly bag and/or film is used with a toy item points 1 or 2 below must be met. 1. Actual wall thickness must be at least 1.5 mils (1.5/1000 inches) thick. 2. Alternatively, sheeting with a thickness of less than 1.5 mils (1.5/1000 in) shall be perforated with defined holes so that a minimum of 1% of the area has been removed over any area of 1.18 X 1.18in.
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Please advise at your earliest convenience.

Best,
Chris

EXHIBIT 22



MAX TRANSPORT INC.

P.O. Box 8098, Rowland Hts CA 91748

TEL: (626) 715-8225
 (626) 715-8226
 FAX: (909) 606-9282

FREIGHT BILL

REF	NO 109812
DATE:	12-09-16

PICK UP FROM:
 1A TIRKIN, ULMER RD., INC.
 2448 PICK ROAD
 CITY OF ULMER, CA 90670

DELIVERY TO:
 PHOENIX WAREHOUSE CALIFORNIA
 1306 SORENSEN AVE
 SANTA FE SPRINGS, CA 90670

SHIPPER SHRINK-WRAPPED SAID TO CONTAIN:

BILL TO:

REMARK

QTY.	DESCRIPTION	WEIGHT	REMARK
1	16x4 ROLLER	164 LBS	
1	16x4 Pallet - Black C 576 C	1 TUCK 6 PALT 2 TUCK 6 PALT	SHIPPER SELECT <input type="checkbox"/> Cashier's Check only <input type="checkbox"/> Consignee's Check only <input checked="" type="checkbox"/> C.O.D. \$ Your C.O.D. Check will be mailed through U.S. Postal Service regular mail. Max Transport Inc. is not responsible for lost mail sent through U.S. Postal Service.

DRIVER PICKUP	DATE	TIME	DELIVERY DRIVER	DATE	TIME	PIECES
				17/11/16		17 PITS

SHIPPER SIGNATURE: RECEIVED IN GOOD ORDER EXCEPT AS NOTED. PLEASE PRINT THE DATE & TIME

X

In case of loss or damage, the company's maximum liability is the lesser of \$1.10 per pound or \$100.00 unless a higher value is declared in charges for such greater value paid. Shortage and Exceptions must be reported within 24 hours.

LOOSE CARGO DIVISION



MAX TRANSPORT INC.

P.O. Box 8098, Rowland Hts., CA 91748

TEL: (626) 715-8225
 (626) 715-8226
 FAX: (909) 606-9282

FREIGHT BILL

REF	NO. 109011
DATE:	12-09-16

PICK UP FROM:

WILLIAMS MILLS

2118 PICK ROAD

CITY OF URGONIA, CA 90670

SHIPPER SHRINK-WRAPPED SAID TO CONTAIN:

BILL TO:

MAXX RENTS

QTY.

DESCRIPTION

WEIGHT

REMARK

QTY.	DESCRIPTION	WEIGHT	REMARK
4	1164 ROLLER SHIPPING #2 5 PALES PLEASE 2 PALLETS PLEASE	9/53 LBS	

SHIPPER SELECT

- Cashier's Check only
 Consignee's Check only

C.O.D. \$

Check #

Your C.O.D. check will be mailed through U.S.
 Postal Service regular mail. Max Transport Inc. is
 not responsible for lost mail sent through U.S.
 Postal Service.

DRIVER/PICKUP DATE	TIME	DELIVERY DRIVER	DATE	TIME	PIECES
JANET	12-09-16				X

SHIPPER SIGNATURE: RECEIVED IN GOOD ORDER EXCEPT AS NOTED. PLEASE PRINT THE DATE & TIME

In case of loss or damage, the company's maximum liability is the lesser of \$1.10 per lb./gram or \$100.00 unless a higher value is declared in charges for such greater value paid. Shortage and Exceptions must be reported within 24 hours.

LOOSE CARGO DIVISION



MAX TRANSPORT INC.

P.O. Box 8098, Rowland Hts., CA 91748

TEL: (626) 715-8225

(626) 715-8226

FAX: (909) 606-9282

FREIGHT BILL

REF	NR 109810
DATE	12/15/16

PICK UP FROM:
A DRAW & LEVEL INC.
2418 PCK RD
CITY OF MURRAY, CA 90641

SHIPPER SHRINK-WRAPPED SAID TO CONTAIN:
SAWN HE SPRINGS / A 90670

DELIVERY TO:
PHENIX WIRE LINES - A
9306 SHERMAN AVE

BILL TO:
MAXTRAIL

QTY.	DESCRIPTION	WEIGHT	REMARK
3	144 LB MILK PAIL	9653LBS	SHIPPER SELECT <input type="checkbox"/> Cashier's Check only <input type="checkbox"/> Consignee's Check only C.O.D. \$ _____ Check # _____ <small>Your C.O.D. check will be mailed through U.S. Postal Service regular mail. Max Transport Inc. is not responsible for fast mail sent through U.S. Postal Service.</small>
7	144 LB MILK PAIL	483.6LBS	

DRIVER PICKUP DATE TIME DELIVERY DRIVER DATE TIME PIECES

SHIPPER SIGNATURE: RECEIVED IN GOOD ORDER EXCEPT AS NOTED. PLEASE PRINT THE DATE & TIME

In case of loss or damage, the company's maximum liability is the lesser of \$1.10 per kilogram or \$100.00 unless a higher value is declared in charges for such greater value paid. Shortage and Exceptions must be reported within 24 hours.

LOOSE CARGO DIVISION



MAX TRANSPORT INC.

P.O. Box 8098, Rowland Hts, CA 91748

TEL: (626) 715-8225
(626) 715-8226

FAX: (909) 606-9282

REF # 103728
DATE 12-12-16

FREIGHT BILL

PICK UP FROM <i>Mark's Unfilled Inc</i> 2418 Peck Road City of Industry, CA 91746		DELIVERY TO <i>Phoenix Warehouse - CA</i> 9306 Sorenson Ave Spaun The Springs, CA 91707	
SHIPPER SHRINK-WRAPPED SAD TO CONTAIN:	BILL TO: <i>Mark's Unfilled Inc</i>		
QTY.	DESCRIPTION	WEIGHT	REMARK
12	<i>116.11 Roll</i>	1470.0 (LBS)	
40 CM	<i>White 2 TRUCKS</i>		
40 CM	<i>White 336 cm</i>		
40 CM	<i>Black 174 cm</i>		
DRIVER PICKUP DATE TIME		DELIVERY DRIVER DATE TIME	
SHIPPER SIGNATURE: <i>M</i>		RECEIVED IN GOOD ORDER EXCEPT AS NOTED. PLEASE PRINT THE DATE & TIME <i>X</i>	
<p>In case of loss or damage, the company's maximum liability is the lesser of \$1.10 per kilogram or \$100.00 unless a higher value is declared in charges for such greater value paid. Shortage and Exceptions must be reported within 24 hours.</p> <p>LOOSE CARGO DIVISION</p>			

12/12/2016		BILL OF LADING			Bill of Lading Number: 12/12/2016 - Interworks	
SHIP FROM					BAR CODE SPACE	
Name:	Interworks			Carrier Name: Lipstick Transportation		
Address:	2418 Peck Road			Trailer number:		
City/State:	City of Industry, ca 90601			Seal number(s):		
Contact:	Sam			SCAC:		
Tel:	562-693-8400 ext.110					
SHIP TO					BAR CODE SPACE	
Name:	Phoenix Warehouse-CA			Carrier Name: Lipstick Transportation		
Address:	9306 Sorensen Ave			Trailer number:		
City/State:	Santa Fe Springs, CA 90670			Seal number(s):		
Contact:	Isabel			SCAC:		
Tel:	562-944-0888 ext 11					
THIRD PARTY FREIGHT CHARGES BILL TO:						
Name: OEC Shipping Los Angeles Inc				Bills of Lading: with attached underlying		
Address: 13100 Alondra Blvd., Suite 100				Bills of Lading		
City/State/ZI: Cerritos, CA, 90703						
p:						
SPECIAL INSTRUCTIONS: Same day service - Pick up at 9am						
Delivery:						
CUSTOMER ORDER INFORMATION						
CUSTOMER ORDER NUMBER		# PKGS	WEIGHT	PALLET/SKID (CIRCLE ONE)	ADDITIONAL SHIPPER INFO	
S.O #27928		1212	34846lbs	Y N	5th Shipment	
				Y N		
				Y N		
GRAND TOTAL		1212	34846lbs			
CARRIER INFORMATION						
HANDLING UNIT		PACKAGE		COMMODITY DESCRIPTION		
QTY	TYPE	QTY	TYPE	WEIGHT	H.M.	LTL ONLY
					(X)	NMFC # CLASS
26 PLT				General Merchandise		
26 PLT				GRAND TOTAL		
Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property as follows:				COD Amount: \$ _____		
The agreed or declared value of the property is specifically stated by the shipper to be not exceeding				Fee Terms: Collect: <input type="checkbox"/> Prepaid: <input type="checkbox"/> Customer check acceptable: <input type="checkbox"/>		
per						
NOTE Liability Limitation for loss or damage in this shipment may be applicable. See 49 U.S.C. § 14706(c)(1)(A) and (B).						
RECEIVED, subject to individually determined rates or contracts that have been agreed upon in writing between the carrier and shipper, if applicable, otherwise to the rates, classifications and rules that have been established by the carrier and are available to the shipper, on request, and to all applicable state and federal regulations.				The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges.		
				Signature		
				Signature		
SHIPPER SIGNATURE / DATE						
I hereby certify that the above named materials are properly described, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the U.S. DOT				Trailer Loaded: Freight Counted:		
<i>M/ 12-12-16</i>				<input checked="" type="checkbox"/> By Shipper	<input type="checkbox"/> By Driver	<input type="checkbox"/> By Driver/pieces
				<input type="checkbox"/> By Driver	<input type="checkbox"/> By Driver/pieces	<input checked="" type="checkbox"/> By Driver/pieces
CARRIER SIGNATURE / PICKUP DATE						
Carrier acknowledges receipt of materials and returned documents						
Carrier certifies emergency lessons information has made available and accessible in the US DOT emergency equipment container in the vehicle.						
Property described above is received in good order, except as noted.						



MAX TRANSPORT INC.

P.O. Box 8098, Rowland Hts., CA 91748

TEL:(626) 715-8225

(626) 715-8226

FAX:(909) 606-9282

FREIGHT BILL

REF	NO 103738
DATE:	12-14-16

PICK UP FROM:
INMAN'S WHOLESALE INC.
2418 PEAK ROAD
CITY OF INMAN, SC 29065

DELIVERY TO:
PHENIX WAREHOUSE & CATERING
930 SORENSEN AVE
SANTA CLARITA, CA 91354

SHIPPER SHRINK-WRAPPED SAID TO CONTAIN:
INMAN'S

QTY

DESCRIPTION

WEIGHT

REMARK

7 Pallets

414

9663 lbs

SHIPPER SELECT

- Cashier's Check only
 Consignee's Check only

C.O.D. \$ _____

Check # _____

Your C.O.D. check will be mailed through U.S.
Postal Service regular mail. Max Transport Inc. is
not responsible for loss/mail sent through U.S.
Postal Service.

DRIVER PICKUP	DATE	TIME	DELIVERY DRIVER	DATE	TIME
<i>12/14/16</i>			<i>John H.</i>	<i>12/16/16</i>	<i>7:00 AM</i>

RECEIVED IN GOOD ORDER EXCEPT AS NOTED. PLEASE PRINT THE DATE & TIME

SHIPPER SIGNATURE:

X
In case of loss or damage, the company's maximum liability is the lesser of \$1.10 per kilogram or \$100.00 unless a higher value is declared in charges
for such greater value paid. Shortage and Excess must be reported within 24 hours.

LOOSE CARGO DIVISION

EXHIBIT 22

234

Interworks 437

12/14/2016		BILL OF LADING					
SHIP FROM		Bill of Lading Number: 12/14/2016 - Interworks					
Name:	Interworks						
Address:	2418 Peck Road						
City/State:	City of Industry, ca 90601						
Contact:	Sam						
Tel:	562-693-8400 ext.110						
SHIP TO		BAR CODE SPACE					
Name:	Phoenix Warehouse-CA						
Address:	9306 Sorenson Ave						
City/State:	Santa Fe Springs, CA 90670						
Contact:	Isabel						
Tel:	562-944-0888 ext 11						
THIRD PARTY FREIGHT CHARGES BILL TO:		BAR CODE SPACE					
Name:	OEC Shipping Los Angeles Inc						
Address:	13100 Alondra Blvd., Suite 100						
City/State/ZI:	Cerritos, CA, 90703						
p:							
SPECIAL INSTRUCTIONS: Same day service - Pick up at 1PM							
Delivery:							
CUSTOMER ORDER INFORMATION							
CUSTOMER ORDER NUMBER		# PKGS	WEIGHT	PALLET/SUP (CIRCLE ONE)	ADDITIONAL SHIPPER INFO		
				Y N			
				Y N			
GRAND TOTAL							
CARRIER INFORMATION							
HANDLING UNIT		PACKAGE	WEIGHT	H.M. (X)	COMMODITY DESCRIPTION	LTL ONLY	
Q.TY	TYPE	Q.TY			TYPE	Commodities requiring special or additional care or attention in handling or storage must be itemized and associated as to ensure safe transportation with no damage.	NMFC #
24	PLT	1128	CAS		General Merchandise		
					600 - WHITE - C		
					528 - BLACK - C		
					GRAND TOTAL		
Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property as follows: The agreed or declared value of the property is specifically stated by the shipper to be not exceeding _____ per _____.				COO Amount: \$ _____ Fee Terms: Collect: <input type="checkbox"/> Prepaid: <input type="checkbox"/> Customer check acceptable: <input type="checkbox"/>			
NOTE Liability Limitation for loss or damage in this shipment may be applicable. See 49 U.S.C. § 14706(c)(1)(A) and (B).				The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges.			
RECEIVED, subject to individually determined contracts that have been agreed upon in writing between the carrier and shipper, if applicable, otherwise to the rates, classifications and rules that have been established by the carrier and are available to the shipper, request, and to all applicable state and federal regulations				Signature: _____ Carrier acknowledges receipt of packages and liability for them. Carrier certifies emergency response information will be made available and/or carrier has the U.S. DOT emergency response guidebook or equivalent documentation in the vehicle. Property received and delivered in good order, except as noted.			
SHIPPER SIGNATURE / DATE I hereby certify that the named materials are properly classified steel, bed, packed, marked and labeled, and we are in condition for transportation according to the applicable regulations of the U.S. DOT		Trailer Loaded: <input checked="" type="checkbox"/> Freight Counted: <input type="checkbox"/> <input checked="" type="checkbox"/> By Shipper <input type="checkbox"/> By Driver <input type="checkbox"/> By Driver/Pieces		CARRIER SIGNATURE / PICKUP DATE Carrier acknowledges receipt of packages and liability for them. Carrier certifies emergency response information will be made available and/or carrier has the U.S. DOT emergency response guidebook or equivalent documentation in the vehicle. Property received and delivered in good order, except as noted.			
<i>M</i> 12-14-16				<i>Jostsys.ca</i> 12-14-16			

MAX TRANSPORT INC.						FREIGHT BILL	
						P.O. Box 8098, Rowland Hts, CA 91748	REF #
						TEL: (626) 715-8225	103735
						(626) 715-8226	DATE: 12-15-16
						FAX: (909) 606-9282	
PICK UP FROM <u>Mark unman, inc.</u> <u>248 PECK ROAD</u> <u>CITY OF MURRIETA, CA 92564</u> SHIPPER SHRINK-WRAPPED SAID TO CONTAIN:						DELIVERY TO: <u>Phoenix warehouse - CA</u> <u>9306 SORENSEN AVE</u> <u>SANTA FE SPRINGS, CA 90670</u> BILL TO: <u>Mark unman</u>	
QTY.	DESCRIPTION		WEIGHT	REMARK			
7	<u>MR</u> <u>336 Cans or</u> <u>Blank C</u> <u>(Top boxes open)</u>		96536 lbs	SHIPPER SELECT <input type="checkbox"/> Cashier's Check only <input type="checkbox"/> Consignee's Check only C.O.D. \$ <small>Check # _____ Your C.O.D. check will be mailed through U.S. Postal Service regular mail. Max. Transport Inc. is not responsible for lost mail sent through U.S. Postal Service.</small>			
DRIVER PICKUP	DATE	TIME	DELIVERY DRIVER	DATE	TIME	PIECES	
<u>Karen</u>	<u>12-15-16</u>					<u>709415</u>	
RECEIVED IN GOOD ORDER EXCEPT AS NOTED. PLEASE PRINT THE DATE & TIME							
SHIPPER SIGNATURE: <u>X</u>							
In case of loss or damage, the company's maximum liability is the lesser of \$1.10 per kilogram or \$100.00 unless a higher value is declared in charges for such greater value paid. Shortage and Exceptions must be reported within 24 hours. LOOSE CARGO DIVISION							

EXHIBIT 23

Report Date: 12/23/2016 7:55:39 PM

DIGITALGADGETS

VERSION # 3

PURCHASE ORDER NUMBER #: 6909

Page: 1 of 2

DIGITAL GADGETS, LLC
21 ENGLEHARD DRIVE,
MONROE TOWNSHIP N.J. - 08831
TEL: 6466874680
FAX: 8465975515

VENDOR		SHIP TO		PO / SHIPPING SUMMARY INFO:						
CITY OF INQUIRY	STATE	COMPANY NAME	ADDRESS	SEASON:	ALL SEASON					
NAME	ADDRESS	NAME	ADDRESS	SHIP VIA:	TRUCK					
CA	90601	USA	SANTA FE SPRINGS	CA	90670	MONROE TOWNSHIP	NJ	08831	TOTAL UNITS:	6000
									TOTAL VPOS:	\$1,250,000.00
PURCHASE TERMS		CANCEL DATE	EX-FACTORY DATE	EXPECTED IN HOUSE	PO TYPE					
NET 60 DAYS		12/30/2016	01/20/2017	12/20/2016	DOM					
PO HEADER REMARKS:										
CUSTOMER INSTRUCTIONS:										
ITEM #	ITEM DESCRIPTION	QTY ON ORDER	QTY ON HAND	QTY ON BACKORDER	QTY ON HOLD					
1	High Roller Model C Hoverboard - Black	001	BLACK	1						
2	High Roller Model C Hoverboard - Blue	400	BLUE	1						
3	High Roller Model C Hoverboard - Red	600	RED	1						
4	High Roller Model C Hoverboard - White	100	WHITE	1						
PO DETAIL REMARKS										
PO DETAIL REMARKS										
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Report Date: 12/23/2016 7:55:39 PM

Purchase Order #5909

Page: 2 of 2

In the absence of written acceptance of the purchase order, Seller's commencement of work on the services or goods subject to this purchase order, or the shipment of such goods, which ever occurs first, shall be deemed an effective and binding mode of acceptance of this purchase order. Time is of the essence. If Seller fails to meet shipping dates, delivery dates, and/or work commencement or completion dates, then Buyer may immediately terminate this purchase order for cause or exercise any other rights and remedies to which it may be entitled, at law or in equity. In addition the Buyer may accept delivery under this purchase order after the dates listed in this order subject to a 5% discount on the purchase price of delivered goods, which fee solely at the discretion of the Buyer. Buyer may also cancel this purchase order or any part thereof or make changes to the drawings, designs, specifications, materials, packaging, time and place of delivery and method of transportation without cause at any time prior to shipment or commencement of the performance of any purpose other than performing this purchase order, unless Seller first obtains a written permission from Buyer and shall not discharge any such information to any other person, or use such information itself for any purpose other than performing this purchase order, unless Seller first obtains a written permission from Buyer to do so. Payment for goods delivered by Seller to be confidential and shall not disclose any such information to any other person. Buyer shall have the right to inspect goods and to reject goods that are in Buyer's judgment defective or nonconforming. Goods rejected and goods supplied in excess of quantities called for herein may be returned to Seller at Seller's expense and in addition to Buyer's other rights, Buyer may charge Seller all expenses of unpacking, examining, repacking and restocking nonconforming goods. In the event Buyer receives goods, where defects or nonconformity are not apparent upon examination, Buyer reserves the right to require replacement, as well as payment of damages, if such defect or nonconformity later appears. Nothing contained in this purchase order shall relieve in any way Seller from the obligation of testing, inspection and quality control.

EXHIBIT 24

63495

12/28/2016		BILL OF LADING					
		Bill of Lading Number: 12/28/2016 - 2 - Interworks					
SHIP FROM							
Name:	Interworks Unlimited, Inc.						
Address:	2418 Peck Road						
City/State:	City of Industry, CA 90601						
Contact:	Sam Fang						
Tel:	5626938400 ext100						
SHIP TO							
Name:	Phoenix Warehouse-CA						
Address:	9306 Sorensen Ave.						
City/State:	Santa Fe Springs, CA 90670						
Contact:	Isabel						
Tel:	5629440888 ext 11						
THIRD PARTY FREIGHT CHARGES BILL TO:							
Name:	OEC Shipping Los Angeles Inc						
Address:	13100 Alondra Blvd., Suite 100						
City/State/Zip:	Cerritos, CA, 90703						
SPECIAL INSTRUCTIONS: Same day service							
Delivery: by 5pm today							
CUSTOMER ORDER NUMBER		# PKGS	WEIGHT	PALLET/SUP (CIRCLE ONE)	ADDITIONAL SHIPPER INFO		
PO #6909		1248	35854	Y N	SEALED # 6515919		
GRAND TOTAL							
CARRIER INFORMATION							
HANDLING UNIT	PACKAGE		WEIGHT	H.M. (X)	COMMODITY DESCRIPTION <small>Commodities requiring special or additional care or attention in handling or moving must be so marked and packaged as to insure safe transportation without damage.</small> <small>See Section 2(a) of NMFC Item 202.</small>	LTL ONLY	
QTY	TYPE	QTY				TYPE	NMFC #
26	PLT		35854 lbs		624ctns of Model C Blue		
					624ctns of Model C Red		
PLT			lbs		GRAND TOTAL		
Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property as follows: The agreed or declared value of the property is specifically stated by the shipper to be not exceeding \$ per						COD Amount: \$ _____	
						Fee Terms: Collect: <input type="checkbox"/> Prepaid: <input type="checkbox"/> Customer check acceptable: <input type="checkbox"/>	
NOTE Liability Limitation for loss or damage in this shipment may be applicable. See 49 U.S.C. § 14706(c)(1)(A) and (B).							
RECEIVED, subject to individually determined rates or contracts that have been agreed upon in writing between the carrier and shipper, if applicable, otherwise to the rates, classifications and rules that have been established by the carrier and are available to the shipper, on request, and to all applicable state and federal regulations.						The carrier shall not make damage of this shipment without payment of freight and all other lawful charges. Signature: 12/28/16 Shipper	
SHIPPER SIGNATURE / DATE		Trailer Loaded:		Freight Counted:		CARRIER SIGNATURE / PICKUP DATE	
12-28-16		<input checked="" type="checkbox"/> By Shipper <input type="checkbox"/> By Driver		<input type="checkbox"/> By Shipper <input type="checkbox"/> By Driver/Pieces/40' reefer/40'		<small>Carrier has acknowledged receipt of package and requested materials.</small> <small>Carrier certifies other agency responsible for the load will make no claims against carrier for the U.S. DOT enforcement response if details of equivalent documentation do not appear in the vehicle.</small> <small>Property described above is received in good order, except or not as</small>	

#03281

SHIP FROM		SHIP TO		BILL OF LADING		BAR CODE SPACE	
Name:	Interworks Unlimited, Inc.					Bill of Lading Number: 12/29/2016 - 2 - Interworks	
Address:	2418 Peck Road						
City/State:	City of Industry, CA 90601						
Contact:	Sam Fang						
Tel:	5626938400 ext100						
THIRD PARTY FREIGHT CHARGES BILL TO:						Carrier Name: Lipstick Trans.	
Name: OEC Shipping Los Angeles Inc						Trailer number:	
Address: 13100 Alondra Blvd., Suite 100						Seal number(s):	
City/State/Zip: Cerritos, CA, 90703						SCAC:	
p:						BAR CODE SPACE	
SPECIAL INSTRUCTIONS: Same day service						Freight Charge Terms: (Freight charges are prepaid unless marked otherwise)	
Delivery: by 3pm today						Prepaid	Collect
						<input type="checkbox"/>	Master Bill of Lading; with attached underlying Bills of Lading
CUSTOMER ORDER NUMBER		# PKGS	WEIGHT	PALLET/SKID (CIRCLE ONE)	ADDITIONAL SHIPPER INFO		
PO #6909		1248	35844	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N			
				<input checked="" type="checkbox"/> Y <input type="checkbox"/> N			
GRAND TOTAL							
CARRIER INFORMATION							
HANDLING UNIT	PACKAGE		WEIGHT	H.M.	COMMODITY DESCRIPTION	LTL ONLY	
QTY	TYPE	QTY	TYPE	(X)	Commodities requiring special or additional care or attention in handling or moving must be so marked and packaged as to ensure safe transportation such ordinary care. <small>See Section 461 of NMFC Item 365</small>	NMFC #	CLASS
26	PLT		35844lbs		Model C Blue: 1008ctns, 21 pallets		
					Model C Red: 240ctns, 5 pallets		
PLT			lbs		GRAND TOTAL		
Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property as follows:					COD Amount: \$ _____		
The agreed or declared value of the property is specifically stated by the shipper to be not exceeding _____ per _____					Fee Terms: Collect: <input type="checkbox"/> Prepaid: <input type="checkbox"/> Customer check acceptable: <input type="checkbox"/>		
NOTE Liability Limitation for loss or damage in this shipment may be applicable. See 49 U.S.C. § 14706(c)(1)(A) and (B).							
RECEIVED, subject to individually determined rates or contracts that have been agreed upon in writing between the carrier and shipper, if applicable, otherwise to the rates, classifications and rules that have been established by the carrier and are available to the shipper, on request, and to all applicable state and federal regulations.					The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges.		
SHIPPER SIGNATURE / DATE		Trailer Loaded:		Freight Counted:		CARRIER SIGNATURE / PICKUP DATE	
<i>JW</i> 12-29-16		<input checked="" type="checkbox"/> By Shipper <input type="checkbox"/> By Driver		<input type="checkbox"/> By Shipper <input type="checkbox"/> By Driver/pieces/call to com 361 <input checked="" type="checkbox"/> X By Driver/Pieces		<small>Carrier acknowledges receipt of packages and removal of pieces as carrier certifies timely delivery, responsibility for damage or loss made available and/or carrier has the U.S. DOT emergency response guidelines or equivalent documentation in the vehicle.</small> <i>JW</i> <small>Property described above is required to be paid for, except as noted.</small> <i>12-28-16</i>	

12/28/2016		BILL OF LADING																																																					
SHIP FROM		Bill of Lading Number: 12292016/2 - Interworks																																																					
Name: Interworks Unlimited, Inc Address: 2418 Peck Road City/State: City of Industry, CA 90601 Contact: Sam Fang Tel: 562-692-8400 x110		BAR CODE SPACE Carrier Name: lipstick transportation Trailer number: Seal number(s): SCAC:																																																					
SHIPTO Name: Phoenix Warehouse - CA Address: 9306 Sorensen Ave City/State: Santa Fe Springs, CA 90670 Contact: Isabel Tel: 562-944-0888 x11		BAR CODE SPACE Freight Charge Terms: (Freight charges are prepaid unless marked otherwise)																																																					
THIRD PARTY FREIGHT CHARGES BILL TO: Name: OEC Shipping Los Angeles Inc Address: 13100 Alondra Blvd., Suite 100 City/State/Zi: Cerritos, CA, 90703 pc:		BAR CODE SPACE Prepaid Collect 3rd Party <input checked="" type="checkbox"/> <input type="checkbox"/> (check box) Master Bill of Lading: with attached underlying Bills of Lading																																																					
SPECIAL INSTRUCTIONS: For Interworks Same day service ready at 11am		CUSTOMER ORDER INFORMATION <table border="1"> <tr> <th colspan="2">CUSTOMER ORDER NUMBER</th> <th># PKGS</th> <th>WEIGHT</th> <th>PALLET/SKID (check one)</th> <th colspan="2">ADDITIONAL SHIPPER INFO</th> </tr> <tr> <td colspan="2">PO#6909</td> <td>26 plts</td> <td></td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> N</td> <td colspan="2">3RD Shipments</td> </tr> <tr> <td colspan="2"></td> <td></td> <td></td> <td></td> <td colspan="2"></td> </tr> </table>			CUSTOMER ORDER NUMBER		# PKGS	WEIGHT	PALLET/SKID (check one)	ADDITIONAL SHIPPER INFO		PO#6909		26 plts		<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	3 RD Shipments																																						
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SHIPPER SIGNATURE / DATE This is to certify that the above named materials are properly classified, described, packed, marked and labeled, and are in proper condition for importation according to the applicable regulations of the U.S. Government. _____ 12-30-16			Trailer Loaded: <input checked="" type="checkbox"/> By Shipper <input type="checkbox"/> By Driver <input type="checkbox"/> By Driver/Carrier to contain <input checked="" type="checkbox"/> By Driver/Pieces			CARRIER SIGNATURE / PICKUP DATE Carrier acknowledges receipt of package and required placards. Carrier certifies emergency response guide book is made available to carrier. With U.S. DOT emergency response guide book it evaluates decomposition in the vehicle. Property described above is received in good order, EXCEPT as noted.																																																	

1/3/2017		BILL OF LADING																																														
SHIP FROM		Bill of Lading Number: 1/3/2017 - Interworks																																														
Name: Interworks Unlimited, Inc. Address: 2418 Peck Road City/State: City of Industry, CA 90601 Contact: Sam Fang Tel: 5626938400 ext100		BAR CODE SPACE																																														
SHIP TO Name: Phoenix Warehouse-CA Address: 9306 Sorensen Ave. City/State: Santa Fe Springs, CA 90670 Contact: Isabel Tel: 5629440888 ext 11		Carrier Name: Lipstick Trans. Trailer number: Seal number(s): SCAC:																																														
THIRD PARTY FREIGHT CHARGES BILL TO: Name: OEC Shipping Los Angeles Inc Address: 13100 Alondra Blvd., Suite 100 City/State/Zip: Cerritos, CA, 90703		BAR CODE SPACE																																														
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SHIPPER SIGNATURE / DATE This is to certify that the above named materials are properly classified, identified, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the U.S. DOT. <i>A</i> 01-3-17		Trailer Loaded: <input checked="" type="checkbox"/> Freight Counted: <input checked="" type="checkbox"/> By Shipper <input type="checkbox"/> By Driver <input checked="" type="checkbox"/> By Driver/Load contain <input checked="" type="checkbox"/> By Driver/Pieces																																														
		CARRIER SIGNATURE / PICKUP DATE Carrier acknowledges receipt of packages and required placards. Carrier certifies emergency response information was made available and/or carrier has the U.S. DOT emergency response guidebook or equivalent documentation in the vehicle. Formerly described above is now fully loaded and ready to move. <i>Joe Dinges</i> 1-3-17																																														

03185

1/4/2017		BILL OF LADING					
		Bill of Lading Number: 1/04/2017 Interworks					
SHIP FROM		BAR CODE SPACE Carrier Name: Lipstick Trans. Trailer number: Seal number(s): SCAC:					
Name: <i>Interworks Unlimited, Inc.</i> Address: <i>2418 Peck Road</i> City/State: <i>City of Industry, CA 90601</i> Contact: <i>Sam Fang</i> Tel: <i>5626938400 ext100</i>							
SHIP TO		BAR CODE SPACE Freight Charge Terms: (Freight charges are Prepaid unless marked otherwise).					
Name: <i>Phoenix Warehouse-CA</i> Address: <i>9305 Sorensen Ave.</i> City/State: <i>Santa Fe Springs, CA 90670</i> Contact: <i>Isabel</i> Tel: <i>5629440888 ext 11</i>							
THIRD PARTY FREIGHT CHARGERS BILL TO:		BAR CODE SPACE Prepaid <input type="checkbox"/> Collect <input type="checkbox"/> 3rd Party <input checked="" type="checkbox"/> <input type="checkbox"/> (check box) Master Bill of Lading: with attached underlying Bills of Lading					
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SPECIAL INSTRUCTIONS: Same day service pick up ready at 1pm Delivery: by 4pm today		CUSTOMER ORDER INFORMATION CUSTOMER ORDER NUMBER # PKGS WEIGHT PALLETS/SLIP (CIRCLE ONE) ADDITIONAL SHIPPER INFO PO #6909 <input checked="" type="checkbox"/> N The 5th Shipment S.O #28484 <input type="checkbox"/> Y N GRAND TOTAL					
CARRIER INFORMATION		COMMODITY DESCRIPTION Commodities requiring special or additional care or attention in handling or moving must be so marked and packaged as to insure safe transportation with ordinary care. <small>See Section 262 of MARSHAL LAW</small>					
HANDLING UNIT PACKAGE WEIGHT H.M. NMFC # CLASS QTY TYPE QTY TYPE <input checked="" type="checkbox"/> X							
17 PLT 23443 lbs Model C Black: 432ctns (9pallets)		LTL ONLY Model C Blue: 96ctns (2 Pallets) Model C Red: 288ctns (6 Pallets)					
PLT 23443 lbs GRAND TOTAL							
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NOTE Liability Limitation for loss or damage in this shipment may be applicable. See 49 U.S.C. § 14706(c)(1)(A) and (B).		The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges. _____ Shipper Signature					
SHIPPER SIGNATURE / DATE <small>This is to certify that the above named packages are properly classified, described, packed, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the U.S. DOT.</small> <i>1-4-17</i>		Trailer Loaded: <input checked="" type="checkbox"/> By Shipper <input type="checkbox"/> By Driver		Freight Counted: <input type="checkbox"/> By Shipper <input type="checkbox"/> By Driver/Carrier <input checked="" type="checkbox"/> By Driver/Places		CARRIER SIGNATURE / PICKUP DATE <small>Carrier acknowledges receipt of package and required placards. Carrier certifies emergency response information was made available and/or carrier has the U.S. DOT emergency response guidelines or equivalent documentation in the vehicle.</small> <i>Jay Dugay</i> <i>1-4-17</i>	

EXHIBIT 25

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

INTERWORKS UNLIMITED, INC.

Plaintiff,

v.

DIGITAL GADGETS, LLC,

Defendant.

CIVIL ACTION

MISC. NO. *18-MP-163*

O R D E R

AND NOW, this 13th day of August, 2018, upon consideration of the

Motion of QVC, Inc. for Approval of Stipulated Protective Order, it is hereby ORDERED that the Motion is GRANTED. The Stipulated Protective Order set forth as Exhibit "D" to the Motion is hereby APPROVED.

BY THE COURT:

U.S.D.J.

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

INTERWORKS UNLIMITED, INC.,	§	
Plaintiff,	§	CIVIL ACTION
v.	§	MISC. NO.
DIGITAL GADGETS, LLC,	§	
Defendant.	§	

STIPULATED PROTECTIVE ORDER

WHEREAS, on or about July 7, 2017, Interworks Unlimited, Inc., by and through its counsel (the “Plaintiff”) commenced a civil action against defendant Digital Gadgets, LLC (“Defendant”), in the United States District Court for the Central District of California (the “California Court”) styled and pending as *Interworks Unlimited, Inc. v. Digital Gadgets, LLC*, Case No. 2:17-cv-4983-AB-KS (the “California Action”);

WHEREAS, Plaintiff asserts claims against Defendant in the California Action for, among other things, alleged breach of contract;

WHEREAS, Defendant denies the allegations and claims asserted against it in the California Action, and has asserted counterclaims against Plaintiff;

WHEREAS, on or about June 27, 2018, Plaintiff directed a subpoena *ad testificandum* (the “Subpoena”) to QVC, Inc. (“QVC”) under the authority of the California Court seeking certain testimony of a corporate designee of QVC, as set forth in the Subpoena;

WHEREAS, on or about August 2, 2018, Defendant served a subpoena *ad testificandum* (which the Parties agree would be considered a “Subpoena” as defined herein) under the

authority of the California Court seeking certain testimony of a corporate designee of QVC, as set forth in the Subpoena;

WHEREAS, on or about August 2, 2018, Defendant served a subpoena upon QVC (which the Parties agree would be considered a "Subpoena" as defined herein), seeking the production of documents, as set forth in the Subpoena;

WHEREAS, Plaintiff has indicated that it may serve on QVC a subpoena for documents as well (which the Parties agree would be considered a "Subpoena" as defined herein), seeking the production of documents related to the hoverboards QVC purchased from the Plaintiff and the hoverboards purchased from the Defendant, TechPoint, LLC and any of their affiliated entities;

WHEREAS, QVC is not a party to the California Action and no claims are asserted against it in the California Action;

WHEREAS, QVC is a general merchandise electronic retailer that markets and distributes a wide variety of products directly to consumers through various means and media, including, among other things, through its merchandise-focused, direct response television programming;

WHEREAS, QVC timely served objections to the Subpoena upon Plaintiff pursuant to Fed. R. Civ. P. 45(c)(2)(B), maintaining that the information sought by the Subpoena constitutes QVC's confidential and proprietary business and financial information protected from disclosure;

WHEREAS, QVC contests the validity and scope of the Subpoena;

WHEREAS, QVC, among other things, maintains that the Subpoena impermissibly seeks production of confidential and proprietary materials pertaining to QVC's business and financial affairs;

WHEREAS, QVC, among other things, maintains that compliance with the Subpoena, without reimbursement of the expense required for compliance, contravenes the protections to which QVC is entitled under Fed. R. Civ. P. 45(c)(3);

WHEREAS, among other things, QVC maintains that the Subpoena contravenes the permissible scope of discovery under Fed. R. Civ. P. 26(b)(1) in that it seeks production of documents and information neither relevant nor reasonably calculated to lead to discovery of admissible evidence with respect to the parties' respective claims or defenses at issue in the California Action;

WHEREAS, Plaintiff and Defendant maintain that the Subpoena is a permissible exercise and use of Fed. R. Civ. P. 45;

WHEREAS, Plaintiff and Defendant maintain that the Subpoena seeks production of documents and information either relevant or reasonably calculated to lead to discovery of admissible evidence with respect to the parties' respective claims and/or defenses at issue in the California Action;

WHEREAS, as a result of discussions by and between QVC, Plaintiff, and Defendant, through their respective counsel, Plaintiff and Defendant are amenable to clarifying and limiting the scope and categories of documents and/or other tangible things sought by the Subpoena;

WHEREAS, QVC maintains that the Subpoena, even as limited, seeks confidential and proprietary materials pertaining to QVC's business and financial affairs and contravenes the protections to which QVC is entitled under Fed. R. Civ. P. 45(c)(3);

WHEREAS, QVC is amenable to producing certain requested documents and/or other tangible things, as limited by this Stipulated Protective Order and to the extent that the same may exist, pursuant to the terms and conditions set forth below;

WHEREAS, unrestricted production or disclosure of information, documents and/or other tangible things constituting asserted proprietary business information, trade secrets, confidential research, development or otherwise confidential commercial information and/or documents and/or other tangible things may cause clearly defined and serious injuries to QVC.

See Pansy v. Borough of Stroudsburg, 23 F.2d 772, 786 (3d Cir. 1994);

WHEREAS, protections are necessary to preserve and protect from QVC's competitors and vendors the confidentiality of QVC's proprietary business information, trade secrets, confidential research, development or otherwise confidential commercial information and/or information, documents and/or other tangible things;

WHEREAS, QVC's confidential materials concern matters of little or no legitimate public interest and there is no harm to the public interest or policy from the preservation and protection of the confidentiality of QVC's proprietary business information, trade secrets, confidential research, development or otherwise confidential commercial information and/or information, documents and/or other tangible things;

WHEREAS, there exists "good cause" for the protection of QVC's confidential materials pursuant to Rule 26(c) of the Federal Rules of Civil Procedure, particularly with regard to the disclosure of QVC's confidential and proprietary business information;

WHEREAS, upon execution of this Stipulated Protective Order and approval by the Pennsylvania Court, Plaintiff, Defendant and QVC have settled, compromised and resolved the outstanding issues between them, as set forth herein, concerning the Subpoena;

WHEREAS, Plaintiff, Defendant and QVC desire to resolve the within dispute in an amicable fashion; and

It is STIPULATED and AGREED between and among QVC, Plaintiff and Defendant, by and through their respective counsel, and subject to the approval of the United States District Court for the Eastern District of Pennsylvania (the "Pennsylvania Court"), as follows:

1. QVC shall be required to produce a corporate designee on behalf of QVC, Inc., only, and not on behalf of any other person or entity, to testify about QVC's "purchase of hoverboards from [Defendant] and TechPoint, LLC in the last three years," QVC's "purchase of hoverboards from [Plaintiff]", and "the specifications of and testing related to the [hoverboards]." In response to the Subpoena, QVC has reviewed its files for terms and names set forth in the Subpoena, as well as purchases and other data. QVC shall not be required to undertake excessive measures to locate any information described above, to the extent that the same may exist. Any other requests for testimony pursuant to Subpoena are deemed withdrawn, with prejudice, upon approval of this Stipulated Protective Order by the Pennsylvania Court.

2. QVC shall be required to produce the documents described in the Subpoena (to the extent that the same exist) in hard copy format only. QVC shall be required to produce such documents (to the extent that they exist) on behalf of QVC, Inc., only, and not on behalf of any other person or entity. In response to the Subpoena, QVC will review its files for terms and names set forth in the Subpoena, as well as sales and other data. QVC shall not be required to undertake excessive measures to locate any documents described above, to the extent that the same may exist. Any other requests for the production of documents and/or tangible things pursuant to the Subpoena are deemed withdrawn.

3. Any and all testimony, transcripts of testimony and exhibits attached to the transcripts of testimony as described in Paragraph 1 above and any and all documents described in Paragraph 2 above (hereinafter referred to collectively as the "Confidential Material") and produced by QVC for deposition and/or for inspection and copying pursuant to this Stipulated Protective Order shall be deemed to be "confidential" under the terms of this Stipulated Protective Order and within the meaning of Fed. R. Civ. P. 26(c) and the cases decided thereunder concerning confidential trade secrets, research, development, commercial or other financial information. Any inadvertent failure by QVC not to so mark any or all of the Confidential Material shall not constitute a waiver by QVC of the protections of this Stipulated Protective Order.

4. The Confidential Material, and all copies thereof, shall bear the designation "CONFIDENTIAL" by writing or stamping the same on the cover or first page and each page thereafter.

5. No copies of the Confidential Material shall be made by Plaintiff or Defendant, except to the extent necessary in the preparation for any deposition, hearing or trial conducted in connection with the California Action or the filing of any motion, brief or memoranda in connection with the California Action, and, in either case, only in accordance with the terms and provisions of this Stipulated Protective Order. If the duplicating process by which copies of the Confidential Material are made does not reproduce the "CONFIDENTIAL" designation appearing on the original, all copies shall be so stamped or designated as "CONFIDENTIAL" by some other means.

6. The Confidential Material may not be used and/or disclosed by Plaintiff or Defendant (including, without limitation, any legal counsel, representative, employee or agent thereof) except for purposes of prosecution or defense of the California Action (and any appeals arising from the California Action) only, and then only to the following persons:

- (a) The respective outside legal counsel of record for Plaintiff and Defendant in the California Action and no more than two (2) respective in-house counsel for each of Plaintiff and Defendant who are responsible for the prosecution or defense of the California Action (hereinafter referred to collectively as "Legal Counsel", unless stated otherwise) and the respective professional and clerical secretarial and other support personnel of such Legal Counsel necessary to assist in the prosecution or defense of the California Action;
- (b) Experts who are retained to consult with or assist Legal Counsel in the preparation for any deposition, hearing or trial conducted in connection with the California Action;
- (c) Witnesses, in the course of deposition or trial testimony in connection with the California Action, but only where, in the reasonable and "good faith" belief of Legal Counsel, examination with respect to such Confidential Material is necessary for legitimate discovery or trial purposes in connection with the California Action, and then only subject to satisfaction of the requirements of Paragraphs 7 and 8 below;
- (d) The Plaintiff and Defendant and employees of same, but only where such employees, in fact, are actively involved in assisting Legal Counsel for the purposes of prosecuting or defending the California Action, and have a need to see such Confidential Material in connection with the prosecution or defense of the California Action, and then, in any event, subject to satisfaction of the requirements of Paragraph 8 below; and
- (e) The Pennsylvania Court and the California Court, and their respective employees, as well as any court reporters transcribing deposition or trial testimony taken in connection with the California Action.

7. Where QVC makes a "good faith" determination that certain Confidential Material is extraordinarily confidential and sensitive (because, among other reasons, such Confidential Material may contain, among other things, information relating to confidential business practices, customers or prospective customers, and/or vendors or prospective vendors; information that is competitively sensitive or strategic in nature; sensitive financial data; and/or business or marketing plans, any and all of which could be used by Plaintiff, Defendant or others for commercial use or to otherwise harm QVC's competitive position) and, therefore, is inappropriate for treatment only as Confidential Material under Paragraphs 1 through and including 5 above, such extraordinarily confidential and sensitive Confidential Material may be designated by QVC as "Confidential-For Attorneys' Eyes Only" and shall be treated as "CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY" under the terms of this Stipulated Protective Order. Confidential Material designated as "CONFIDENTIAL-FOR ATTORNEYS'

EYES ONLY" shall be marked as such by writing or stamping the same on the cover or first page and each page thereafter with the designation "CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY." Confidential Material designated and marked as "CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY" shall not be used and/or disclosed by Plaintiff or Defendant (including, without limitation, any legal counsel, representative, employee or agent thereof) to any person other than except for purposes of prosecution or defense of the California Action (and any appeals arising from the California Action) only, and then only to the following persons:

- (a) Outside legal counsel of record for Plaintiff and Defendant, respectively, in the California Action and/or the Pennsylvania Court and the respective professional and clerical secretarial and other support personnel of such outside legal counsel necessary to assist in the prosecution or defense of the California Action;
- (b) Experts who are retained to consult with or assist outside legal counsel in the prosecution or defense of the California Action;
- (c) Witnesses, in the course of deposition or trial testimony in connection with the California Action, but only where such witness is either a signatory, author, addressee, or recipient of such material, and then only subject to satisfaction of the requirements of Paragraphs 7 and 8 below;
- (e) The Pennsylvania Court and the California Court, and their respective employees, as well as any court reporters transcribing deposition or trial testimony taken in connection with the California Action.

Absent QVC's express written consent, there shall be no use of Confidential Material designated as "CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY" that is produced by QVC pursuant to this Stipulated Protective Order in any manner contrary to the restrictions and limitations set forth in this Stipulated Protective Order.

8. Under no circumstances shall any Confidential Material (including, without limitation, any Confidential Material designated and marked as "CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY") be used by Plaintiff or Defendant, or any respective agent or representative of Plaintiff or Defendant, or any third party, for any business, commercial, competitive, personal purposes; and/or for any purpose other than the prosecution or defense of the California Action or any appeals arising therefrom; and/or in connection with any litigation other than the California Action or any appeals arising therefrom.

9. Before disclosure of any Confidential Material pursuant to this Stipulated Protective Order to persons described in Paragraph 5(b) through and including 5(d) above, or to in-house counsel for either Plaintiff or Defendant, or the respective professional and clerical secretarial and other support personnel of any such in-house counsel, as described in Paragraph 5(a) above, all such persons shall read this Stipulated Protective Order and shall acknowledge and evidence that he or she is bound by its terms by signing and dating the acknowledgement form set forth in Exhibit "A" hereto. There shall be no disclosure of Confidential Material to any persons described in Paragraph 5(b) through and including 5(d) above, or to in-house counsel for

either Plaintiff or Defendant, or the respective professional and clerical, secretarial and other support personnel of such in-house counsel, as described in Paragraph 5(a) above, unless and until there has been compliance with the requirements of this Paragraph or an Order is entered in accordance with Paragraph 9 below compelling such person(s) to comply with this Stipulated Protective Order or otherwise providing that such person is bound by this Stipulated Protective Order. A copy of the executed acknowledgement form for such person shall be provided to counsel for QVC (directed to Amy S. Kline, Esquire, Saul Ewing Arnstein & Lehr LLP, 1500 Market Street, Centre Square West, 38th Floor, Philadelphia, Pennsylvania 19102, Tel. no. 215.972.8567/Fax no. 215.972.1943, e-mail: *Amy.Kline@saul.com*), but shall not be filed with the Pennsylvania Court or the California Court. The respective witnesses for Plaintiff and Defendant at any deposition, hearing and/or trial in the California Action will comply with the requirements of this Paragraph 8 as a prerequisite to their testimony in the California Action. The respective outside legal counsel of record for Plaintiff and Defendant in the California Action, as well as their respective clerical, secretarial and paralegal personnel, agree to be, and are, bound by the terms of this Stipulated Protective Order without need to execute the aforesaid acknowledgement form.

10. In the event that a person identified in Paragraph 5(b) through 5(d) is unwilling to agree to comply with, and be bound by, this Stipulated Protective Order, Plaintiff or Defendant, as the case may be, may move the Pennsylvania Court for an Order compelling such person to comply with this Stipulated Protective Order or otherwise providing that such person is bound by this Stipulated Protective Order. In the event that any such motion is filed, the Confidential Material shall not be disclosed to such person prior to entry of an Order by the Pennsylvania Court granting such motion or the person in question otherwise agrees to be bound by, and to comply with, this Stipulated Protective Order by written acknowledgement in the manner described in Paragraph 8 above.

11. In the event that any Confidential Material, or any portion thereof, is utilized at any deposition, proceeding, hearing and/or trial in connection with the California Action, the transcript(s) of any testimony and the copy(ies) of any exhibit(s) relating or referring to the Confidential Material shall be placed in a separate envelope or container, marked "CONFIDENTIAL PURSUANT TO ORDER ENTERED IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA." Such envelope or container shall on its face, or by a document permanently affixed thereto, state further that it has been filed under seal and/or is designated as confidential pursuant to this Stipulated Protective Order, and is not to be opened nor the contents displayed or revealed except pursuant to the provisions of this Stipulated Protective Order or upon further Order of the Pennsylvania Court. To the extent possible, documents and/or other tangible things containing Confidential Material that are utilized at any deposition, proceeding, hearing and/or trial in connection with the California Action should be redacted to protect the Confidential Material in any such documents and/or other tangible things, rather than be filed under seal pursuant to this Paragraph.

12. In the event that any Confidential Material, or any portion thereof, is utilized at any deposition in connection with the California Action, only the stenographer transcribing such deposition and those persons who are authorized pursuant to the terms of this Stipulated Protective Order to receive such Confidential Material may be present. The stenographer

transcribing such deposition shall be considered to be a person within the meaning and scope of Paragraph 5(e) above.

13. In the event that any Confidential Material, or any portion thereof, is used in connection with any legal brief, pleading, memorandum, motion, or other legal paper filed of record in connection with the California Action, such Confidential Material shall be filed and maintained under seal. The Confidential Material so filed shall not be made available to any person other than those persons identified in Paragraph 5 above and in the manner, and subject to, the restrictions described in this Stipulated Protective Order. Any Confidential Material so filed shall be placed in a separate envelope or container, marked "CONFIDENTIAL PURSUANT TO ORDER ENTERED BY THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA." Such envelope or container shall on its face, or by a document firmly affixed thereto, further state that it has been filed under seal pursuant to this Stipulated Protective Order, and is not to be opened nor the contents displayed or revealed except pursuant to the provisions of this Stipulated Protective Order. To the extent possible, documents and/or other tangible things containing Confidential Material that are filed with the California Court should be redacted to protect the Confidential Material in any filed documents and/or other tangible things, rather than be filed under seal pursuant to this Paragraph. Notwithstanding anything contained in the above Paragraphs 5 and 7 through 11 and this Paragraph 12 to the contrary, the provisions of Paragraph 6 above shall govern and control use of documents and/or other tangible things designated as "CONFIDENTIAL – FOR ATTORNEYS' EYES ONLY."

14. In the event that the Confidential Material (or documents and/or other tangible things designated as "CONFIDENTIAL – FOR ATTORNEYS' EYES ONLY") should be disclosed to any person other than in the manner authorized by this Stipulated Protective Order, any person bound by this Stipulated Protective Order responsible for any such disclosure shall (a) promptly inform QVC (Attn: Amy S. Kline, Esquire, Saul Ewing Arnstein & Lehr LLP, 1500 Market Street, Centre Square West, 38th Floor, Philadelphia, Pennsylvania 19102, Tel. no. 215.972.8567/Fax no. 215.972.1943, e-mail: *Amy.Kline@saul.com*) of such disclosure and of all pertinent facts relating to such disclosure; (b) inform the person to whom such disclosure was made of the existence and terms of this Stipulated Protective Order; (c) make all reasonable and diligent efforts to retrieve any disclosed Confidential Material and to prevent further disclosure by each and every unauthorized person who received the Confidential Material or who learned the information contained therein; and (d) make all reasonable and diligent efforts to have the unauthorized person or persons in possession of the disclosed Confidential Material execute the acknowledgement form set forth in Exhibit "A" hereto, and evidencing thereupon his/her/their agreement to be bound by the terms of this Stipulated Protective Order.

15. Nothing in this Stipulated Protective Order shall require disclosure of information, documents and/or other tangible things which QVC contends is protected from disclosure or protection by any applicable privilege or protection, including, without limitation, the attorney-client privilege, the Pennsylvania statutory accountant-client privilege or the attorney "work-product" doctrine, all of which are preserved and shall not be deemed or construed to be waived by this Stipulated Protective Order. To the extent any documents responsive to the Subpoena are withheld on the basis of privilege, QVC will provide a log of those documents and the basis for the claim of privilege.

16. This Stipulated Protective Order shall not be amended, modified or varied except pursuant to a writing executed by all of the parties hereto and subsequently approved by the Court.

17. Either Defendant or Plaintiff, at any time, may request that QVC withdraw a designation of "**CONFIDENTIAL**" or "**CONFIDENTIAL-ATTORNEYS' EYES ONLY**" with respect to any document and/or other tangible thing asserted by QVC to be Confidential Material. Such request shall be made in writing to counsel for QVC (Attn: Amy S. Kline, Esquire, Saul Ewing Arnstein & Lehr LLP, 1500 Market Street, Centre Square West, 38th Floor, Philadelphia, Pennsylvania 19102, Tel. no. 215.972.8567/Fax no. 215.972.1943, e-mail: *Amy.Kline@saul.com*), and shall particularly identify the designated Confidential Material that Defendant and/or Plaintiff maintain should not be designated as "**CONFIDENTIAL**" or "**CONFIDENTIAL-ATTORNEYS' EYES ONLY**" and shall set forth the reasons supporting the contentions as to why the subject document and/or other tangible thing in question should not be designated as "**CONFIDENTIAL**" or "**CONFIDENTIAL-ATTORNEYS' EYES ONLY**". If QVC does not agree to withdraw the designation of "**CONFIDENTIAL**" or "**CONFIDENTIAL-ATTORNEYS' EYES ONLY**" designation with respect to the document and/or other tangible thing in question, the Plaintiff and/or Defendant may thereupon move the Pennsylvania Court for entry of an Order determining that the document and/or other tangible thing in question does not constitute Confidential Material and/or should not be designated as "**CONFIDENTIAL-ATTORNEYS' EYES ONLY**" and should not be treated as such under the provisions of this Stipulated Protective Order.

18. This Stipulated Protective Order shall be governed, interpreted and construed pursuant to the internal substantive laws of the Commonwealth of Pennsylvania, without regard to conflict of laws principles. The Pennsylvania Court shall have the exclusive jurisdiction of all matters and disputes arising from the interpretation and enforcement of this Stipulated Protective Order, including, without limitation, any and all challenges by Plaintiff or Defendant to any designation by QVC of any document or other tangible thing as either Confidential Material or Confidential Material further designated as "**CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY**" as set forth in Paragraph 16 above and/or any and all disputes pertaining to assertions of privilege or "work product" protection by QVC in furtherance of Paragraph 14 above.

19. Notwithstanding anything contained in this Stipulated Protective Order to the contrary, this Stipulated Protective Order shall not be construed or deemed to negate, supersede or novate (a) the provisions or terms of any and all other agreements or contracts by and between QVC, on the one hand, and any and all other parties.

20. Unless otherwise agreed in writing by QVC, within thirty (30) days after the dismissal of, or the entry of final judgment in, the California Action, and the exhaustion of all appeals therefrom, the Confidential Material (excluding only that Confidential Material which has been filed with the court in the California Action pursuant to Paragraph 12 above), including any and all documents and/or other tangible things designated and marked as "**CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY**", shall be returned by Plaintiff and Defendant to QVC, through its undersigned counsel, or, in the case of any and all Confidential Material other than documents and/or other tangible things designated and marked as "**CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY**", destroyed. In the event that either

Plaintiff or Defendant elect to destroy Confidential Material in lieu of returning the same to QVC, written certification thereof shall be provided to QVC, through the undersigned counsel. Any "attorney work-product" materials, as may be designated as such, which includes or references the Confidential Material may be retained by counsel, provided that any and all inclusions of, and/or references to, the Confidential Material (including any and all documents and/or other tangible things designated and marked as "CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY") in such "attorney work-product" materials are destroyed and a written certification of such destruction is provided to QVC, through its undersigned counsel.

21. This Stipulated Protective Order shall be binding upon, and inure to the benefit of, the respective successors and assigns of QVC, Plaintiff and Defendant.

22. This Stipulated Protective Order may be executed and delivered by telefacsimile or electronic transmission and in any number of counterparts, all of which together shall be one document.

SO STIPULATED AND AGREED:

SAUL EWING ARNSTEIN & LEHR LLP

By: 
Amy S. Kline, Esquire
1500 Market Street
Centre Square West, 38th Floor
Philadelphia, PA 19102
Telephone: 215.972.8567

Attorneys for Non-Party QVC, Inc.

LAZARUS & LAZARUS, P.C.

By: _____
Harlan M. Lazarus, Esq.
240 Madison Avenue
8th Floor
New York, NY 10016
Telephone: 212.889.7400

Counsel for Defendant

LAW OFFICES OF ROGER C. HSU

By: 
Roger C. Hsu, Esq.
175 South Lake Avenue
Suite 210
Pasadena, CA 91101
Telephone: 626.792.7936

*Attorneys for Plaintiff
Interworks Unlimited, Inc.*

Plaintiff or Defendant elect to destroy Confidential Material in lieu of returning the same to QVC, written certification thereof shall be provided to QVC, through the undersigned counsel. Any "attorney work-product" materials, as may be designated as such, which includes or references the Confidential Material may be retained by counsel, provided that any and all inclusions of, and/or references to, the Confidential Material (including any and all documents and/or other tangible things designated and marked as "CONFIDENTIAL-FOR ATTORNEYS' EYES ONLY") in such "attorney work-product" materials are destroyed and a written certification of such destruction is provided to QVC, through its undersigned counsel.

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22. This Stipulated Protective Order may be executed and delivered by telefacsimile or electronic transmission and in any number of counterparts, all of which together shall be one document.

SO STIPULATED AND AGREED:

SAUL EWING ARNSTEIN & LEHR LLP

LAW OFFICES OF ROGER C. HSU

By: _____

Amy S. Kline, Esquire
1500 Market Street
Centre Square West, 38th Floor
Philadelphia, PA 19102
Telephone: 215.972.8567

Attorneys for Non-Party QVC, Inc.

LAZARUS & LAZARUS, P.C.

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240 Madison Avenue
8th Floor
New York, NY 10016
Telephone: 212.889.7400

By: _____

Roger C. Hsu, Esq.
175 South Lake Avenue
Suite 210
Pasadena, CA 91101
Telephone: 626.792.7936

*Attorneys for Plaintiff
Interworks Unlimited, Inc.*

Counsel for Defendant

Digital Gadgets, LLC

APPROVED AND SO ORDERED
THIS DAY OF 2018

U.S.D.J.

Digital Gadgets, LLC

APPROVED AND SO ORDERED
THIS 13TH DAY OF AUGUST 2018

A handwritten signature consisting of two dark, abstract shapes that resemble stylized letters or initials.

U.S.D.J.

EXHIBIT “A”

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

INTERWORKS UNLIMITED, INC.,	§	CIVIL ACTION
Plaintiff,	§	MISC. NO.
v.	§	
DIGITAL GADGETS, LLC,	§	
Defendant.	§	
	§	

**ACKNOWLEDGEMENT TO BE BOUND
BY STIPULATED PROTECTIVE ORDER**

I HEREBY AGREE TO THE CONTENTS OF THE FOREGOING STIPULATED
PROTECTIVE ORDER AND ALSO SUBMIT TO THE JURISDICTION OF THE U.S.
DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA IN
REGARD TO THE ENFORCEMENT OF THIS ORDER. I UNDERSTAND THAT IF I
VIOLATE THIS ORDER, I KNOW THAT I MAY BE SUBJECT TO SANCTIONS FOR
SUCH VIOLATION.

NAME: _____

ADDRESS: _____

SIGNATURE: _____

DATE: _____